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Basic Principles of Scientific Socialism

By A. S. SACHS



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FOREWORD

No teachings of the theories of any political and economic movement in human history have called for so much bitter opposition on one hand, and such devoted adherence on the other, as socialism; particularly during the war period, and after, when an attempt at a re-arrangement and reorientation of the forces of society is being made in almost every country in Europe. The need, therefore, of a concise statement of the basic thoughts and principles of modern socialism, its philosophy and economics, seem timely and necessary.

I wish to express my appreciation to Algernon Lee, Educational Director of the Rand School of Social Science, for looking over this book in manuscript, and for his interest in it.

I am also indebted to my friend, I. George Dobsevage, of New York, for kindly cooperation and advice in seeing the volume through the press.

A. S. SACHS.

New York, April, 1925.

TO MY WIFE
VERA KISSIN-SACHS

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CHAPTER I

THE METHOD OF SCIENTIFIC SOCIALISM

A. The Dialectic Method.

EVERY phenomenon, whether of nature or of society in general or of the life of an individual human being, can be regarded from two entirely different angles, can be studied from two different points of view. First, it is possible for us to consider a given phenomenon as it appears from a general view, in its stable, fixed, condition in the world of generalities. Looking at a phenomenon in this manner, we see it, at the time of our investigation, as an isolated link in a broken chain; we see it as a thing by itself, as a unit which has no relationship whatever with any other concept or phenomenon. Secondly, it is possible for us to consider a given phenomenon in its state of development. We then see it closely interwoven and bound up with former, surrounding, and coming events and conditions. Conceiving it from this point of view, we not only behold its present appearance but also its past and future appearances. We then no longer see it as an isolated unit but as a phenomenon which is allied with very many other phenomena.

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Our judgment and conclusions concerning a given phenomenon depend entirely upon the method we adopt in investigating it. It can readily be perceived that the conclusion arrived at when one method is used will be quite different from the conclusion which would be formulated as the result of the application of the other method.

To illustrate: Let us take for example our concept of the phenomenon "war." Every war as such necessarily entails bloodshed. Murder in its most bestial form is a very common occurrence in war. War breeds misery, poverty, pestilence, and all their attributes. If, therefore, we consider the phenomenon "war" from this point of view—that is, using the first method—we learn to detest and to abhor it. It is important to note here that in using this method we do not regard the conditions or circumstances in which the war takes place and with which it is linked together. Considering war from this aspect, we can never exonerate or forgive the persons responsible for the occurrence of the war. We regard these people as cold-blooded murderers, as criminal tyrants, for every war *as such* is necessarily fiendish, murderous, and abominably inhuman.

But if instead of conceiving of the phenomenon "war" as a separate and isolated occurrence, we undertake to investigate the circumstances and the causes which brought it about, and the consequences which result therefrom, it is highly possible that in many cases we may not detest and abhor it but, on the contrary, consider it as a great achievement, a moral

necessity. In the latter case we shall look up to the persons responsible for the war as great moral heroes, as idealists with noble principles which should be emulated by the rest of mankind. War *as such*, war in itself is beyond a doubt a very horrible occurrence, but taking into account its origin and consequences, considering it as one link of a continuous causal chain of events, we often come to the conclusion that war is beneficial and necessary. When we reach that conclusion we vindicate bloodshed, we palliate murder, and we willingly bear misery and poverty. We justify and excuse and vindicate and tolerate all these evils only because we feel that had it not been for the war we would have had greater bloodshed, more poignant misery, worse poverty, more ruin of homes and of families. History comes to our ready aid in furnishing examples of such wars. Consider our own Revolutionary War or the Civil War. The mere mention of these two historic conflicts, with which every American is vividly familiar, is sufficient to convince us that some wars may be and often are highly justified, quite necessary, and a blessing to human welfare.

As another illustration let us take the ideal concept "freedom." Is there any doubt that freedom is the greatest goal toward which humanity has everlastingly striven? No better future can be hoped for than a time when everyone will be free and there will be neither oppressors nor oppressed. But even this individual freedom is a blessing only under certain conditions. Imagine the freedom (which includes the right)

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to kill, to murder, to rob, to plunder, etc. No right-minded person will be pleased with freedom of that sort, for unbounded freedom means license. Such a freedom leads to the domination of the weak by the strong. If the "free will" of the strong—which must inevitably lead to tyranny over others—were not restrained by certain laws and regulations, entire human society would ultimately become enslaved to these "freemen." Freedom in itself, freedom *as such* is surely a great and useful thing, a worthy *desideratum*. However, there are circumstances and conditions under which freedom becomes, not a *summum bonum*, but an evil. It is hence faulty to pass judgment upon freedom in general; each circumstance involving freedom should be considered on its own merits. When the question is asked whether freedom is good or bad, we are not to think of it as an abstract idea, but rather in its relation to the circumstances upon which it depends and to the actual consequences that do or might result from it.

As a third illustration we may take the habit of telling falsehoods. No one will deny that lying is a disgraceful and obnoxious trait. Those who are guided by the first method of investigating the events and phenomena of life will invariably hate those who tell lies. They will hate them because lying is deceit, because a lie is the antithesis of the truth, and an untruthful person is generally a perfidious person. But the followers of the second method of investigating conditions and occurrences will not condemn a person

who told an untruth before they have discovered the causes which prompted the telling of the falsehood and the circumstances under which it was told. For, the latter maintain, very often if the surrounding circumstances and the probable or actual consequences be taken into consideration, the telling of a falsehood becomes of great benefit to the individuals involved and to mankind in general. For example, an invalid in the last stages of a consuming disease presents himself to a physician for a physical examination and diagnosis of his affliction; the physician is convinced that there is no hope for a recovery and that the invalid will die within a very short time. If the physician told the truth he would cause great pain and agony to the patient and to those near and dear to him. What ought the physician do in a case of that sort? Is he to tell the cold, bare truth just because lying is considered immoral? Or is he to tell a falsehood, a "white lie," in order to avoid a great deal of added pain and suffering? The disciples of the first method would insist that the physician is in duty bound to tell the truth. They ignore the place, the time, and the circumstances under which the lie was told and the consequences which will result therefrom. But the followers of the second method would surely in a case of this sort regard the physician as a cruel, heartless brute if he told the truth. They would demand, in the name of mercy and justice, that a falsehood be told, and they would maintain that *under such circumstances* lying is morally and ethically justified.

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The first of the two methods of thought and investigation which we have defined and illustrated is called *the metaphysical method*; the second is called *the dialectic method*. The metaphysician regards every thing and every action or event as an isolated unit, dissociated and distinct from surrounding phenomena. He disregards external forces and conditions. He maintains that everything is "either-or"—every phenomenon is either good or bad, every custom is either desirable or undesirable, every action right or wrong.

Bloodshed, in so far as the metaphysician is concerned, is always an outrageous crime; lying is never justified. Conditions are of no moment to him. The dialectician, however, regards every phenomenon in its state of development. He takes into consideration former, contemporaneous, and resulting events. He does not consider each phenomenon as a separate and distinct occurrence, but rather as an essential link in a causal chain of events, as a result of former conditions and as a cause of future events. The dialectician, therefore, does not regard every thing or event by itself, in the absolute or the abstract, but rather in its relationship to other things or events. He does not undertake to permanently tabulate this or that sort of event or custom, this or that kind of action as either good or bad. He may consider the same event or custom or action sometimes as good and sometimes as bad, depending upon the circumstances governing the particular instance or occurrence. Bloodshed is sometimes, by reason of incontrovertible necessity, a good

thing and sometimes it is a bad thing, a great evil; likewise the telling of a falsehood. Everything, therefore, that develops and undergoes change can be both good and bad, but not either good or bad, as the metaphysician would have it.

B. Hegel's Dialectic.

The belief that every phenomenon ought to be considered and investigated in accordance with the dialectic system of thought was already entertained by the early Greek philosophers. The dialectic method, however, as it is known in modern philosophical study, was first scientifically formulated and firmly established by the renowned German philosopher Hegel.

Hegel proved that the world in general as well as the individual creature and even the inanimate object is not always one and the same thing. It undergoes a constant, everlasting change; it is always in motion; it passes through an eternal process of development. Everything flows, everything changes. Every creature is born, lives, and dies; every thing originates, exists, and vanishes. Each succeeding moment finds every creature and every phenomenon in a different position, on a different step of the ladder of development, one degree further transformed than during the previous moment. It follows, then, that its identity has changed; the creature or the phenomenon is not *exactly* the same as it was a moment ago. A thing is but the sum-total of its attributes,—appearance, size, color, stability, usefulness, etc. If any or all of the qualities

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change, the thing itself changes. And consequently everything changes with each succeeding moment.

Every thing, therefore, exists and does not exist at one and the same time, for it is always undergoing change. Nature is transitory; the process of conversion is unceasing. One moment an object has a certain appearance, size, color, etc., and in the next it is an entirely different object, for its attributes have become different. For example, we call a "tree" that which grows, has roots, a trunk, branches and leaves. But the roots and branches and leaves do not remain in the same state as when they first appeared. Either they grow or they decay. We cannot therefore say that the tree has a certain appearance and no other, for as a matter of fact, since the tree undergoes changes, it has that certain appearance as well as another appearance at one and the same time. A picture of the tree can never be accurate, absolutely. The reason is that while the picture is being made the tree changes. If we desire to obtain a really accurate representation of an event, thing, or creature, we must think of it not only in its present form but we must imagine it in all its changes, in the stages of its development—in its origin and in its end. We must think of it as it is and as it is not.

That which we call "life" is not simply *living*, but also *non-living*. As is well known, every living organism is composed of an infinite number of minute, independent lives, called cells. These cells are constantly changing. Every moment witnesses the death of many of these cells as well as the birth of many others. And

it is this everlasting process of cells dying and being born which forms the life of every organism. Hence the organism does not remain in the same state, it has not the same appearance, it does not preserve its identity for even a single moment. It is not merely alive; its being merges with non-being and the whole is its life. Every organism changes perpetually, never rests, assumes various forms. As soon as the cells of an organism change, the organism itself of necessity changes. It is thus impossible to get a true picture of the organism at a given moment, for at that very moment the organism changed—part of its life became dead matter. No representation of an organism can be absolutely correct if only its life be taken into consideration. In truth, then, it is evident that no organism is *just so* and *not otherwise*; it is *just so as well as otherwise*; it is one thing and another at once; it is life and death combined. Our image of life can be true only if we imagine death at the same time. Every positive has its negative, or better, there could be no positive unless there were a negative. If we would know what life is we must first imagine its negative, death; to know what day means we must conceive its negative, night.

What has been said about the organism holds true for all things that are not static, but transitional. Just as it is impossible for us to designate the exact location of a moving train at a given instant, so it is impossible for us to accurately characterize or describe a thing

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whose qualities are always changing in the flux of existence.

If we would know the true significance of a certain phenomenon or happening, we must first of all consider it historically, we must know what position it occupies on the ladder of development. The mere fact that it was good, useful and fitting for a certain time is not conclusive proof that it will be so for all time. On the other hand, the fact that the happening is superfluous, unnecessary, and injurious in so far as the present is concerned, is not at all conclusive evidence that it has always been so. When we consider a certain custom, institution, or law of our social life, we must always bear in mind the social conditions, the state of development of society at the given time. It often happens that as society develops, customs, laws and institutions which were once beneficial and necessary become harmful and superfluous and must hence be superseded by others more in harmony with the changed conditions.

A law or an institution is not absolutely bad or absolutely good. It is good as well as bad at one and the same time,—depending upon the surrounding conditions with which it is associated and which react upon it.

Hegel not only showed us that everything about us is in constant motion and in a state of perpetual development, but he also revealed the secret as to *how* this development takes place. Hegel showed us the forms

that phenomena assume, the changes that take place, and the relation of these forms to one another.

Since it is established that every quality is not fixed or absolute, nor eternally quiescent, but exists under certain conditions, and since it is further known that a good quality is not always good but that under certain circumstances it may be, and often is, very bad, we come to the conclusion that every thing which is in motion (and everything is constantly in motion) assumes various forms which are contrary to each other. As has already been seen, a thing is nothing but the sum-total of its qualities, good and bad. And since these qualities interchange,—a good quality becoming bad and vice versa,—the thing itself, naturally, assumes different forms at different periods of its development. These forms are reciprocal; they are contrary to each other. Thus Hegel formulated his law of Negativity, the rule that all of nature and society is nothing but a series of contradictions, of positives and negatives, thesis and antithesis. The condition of a thing at one period of its development is the direct opposite and contradiction of the same thing at another period of its development. The future condition of a thing will be the direct opposite of the condition of the same thing in the present, etc. The essence of the world is not *only this* or *just that*; it is neither this nor the other exclusively. It is this as well as the other. There is a sort of union of contradictories, a synthesis of thesis and antithesis. This synthesis is

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the aim and purpose of life, it is the very principle of cosmic harmony. It is only when the contradictions meet that the development acquires its true and complete form. We know, in fact, that death is the contradiction of life, and yet death results from life. When life reaches its highest pinnacle of development it begins to retrogress, to retreat; it fades gradually, until finally it becomes its antithesis—death. Death is the antithesis of birth. One sex is the antithesis of the other. When two opposite sexes unite, in obedience to nature's laws, offspring results. This offspring is the synthesis of the two antithetical sexes. The child resembles somewhat its father and somewhat its mother. Children are the third degree of the development process, they are the synthesis, the result of the father and mother, who are antithetical to each other.

Ideas and beliefs, likewise, develop dialectically, are composed of contradictions. The beliefs and ideas of one generation are the opposite of the beliefs and ideas of another generation. Every idea is correct and logical only when it is developed dialectically. The soul of the world, the world idea, or as Hegel calls it, the "Absolute Idea," is dialectically compounded; it is composed of contradictions, of thesis and antithesis. Hence every organism, every event which reflects the world-idea, must also develop dialectically, through contradictions. Everything, according to Hegel, is the embodiment of the world-idea; the "Absolute Idea" constitutes the unity of the cosmos.

C. The Dialectic Method as the Key to Scientific Socialism.

Hegel's dialectic method of thought, or better, the dialectic method in general, which may well be considered one of the most important branches of philosophical and scientific research, served Karl Marx as a key with which to penetrate and freely investigate many phenomena of our social life. Without the aid of the dialectic method these phenomena would remain undisclosed and continue to be a mystery, beyond the scope of human comprehension. The dialectic method of thought served Marx as a road-sign on the way of inquiry, as a burning torch, which enabled him to find the true path of exact scientific thought and investigation of the characteristics, the events and the phenomena of our social life. And indeed it was only through the application of the dialectic method that Karl Marx discovered the laws of our social life, upon which is based the doctrine of Scientific Socialism. Scientific Socialism does not depend *solely* upon the dialectic method of Hegel, as many critics believe. However, this method served as a good means by which to reach Scientific Socialism, and it is for this reason that the dialectic method is of such significance to us in our study.

It is important to note that the dialectic method of thought, although inherited from Hegel, was very much altered in the hands of Marx. Hegel maintained that the reason why everything in nature and society develops dialectically is because the spirit, the "world-

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idea" is dialectic. The external world, according to Hegel, is nothing more than an echo, a reflection of the supreme and all-inclusive Idea. Hegel considers the Idea as the cause and the external world—nature and society—as the result of the Idea, of the spirit. Marx, as a free-thinker, put no credence in hidden spirits. Hence he completely inverted the Hegelian dialectic. Marx maintained that the cause for the dialectic development is the fact that the external, material world develops dialectically. We think dialectically because the facts which we think about develop dialectically. Our opinions, beliefs and convictions are nothing more than echoes, reflections of the external world. The supreme ruler of life is not the Absolute Idea, as Hegel says, but rather corporeal nature. All our thoughts are the result of surrounding nature. It is evident that this belief is diametrically opposed to Hegel's conception. That which was the cause (the spirit, the idea) according to Hegel, is the result according to Marx; and that which was the result (the external world) according to Hegel is now the cause according to Marx. Hegel's dialectic method of thought thus "stood on its head." Marx undertook to turn it down-side down or head-side up, into what he believed to be its normal position.

The Utopian Socialists who preceded Marx always investigated a given social system or a given law with reference to the manner in which it did or did not harmonize with human nature. Whenever the Socialists wanted to prove that private ownership is radi-

cally wrong and ought to be changed to a system of public ownership, they based their arguments upon appeal to human nature. Their chief argument against the present system of society was that man is, by original nature, opposed to private ownership. As an example they cited the aboriginal tribes, who represented man in the "state of nature," untainted by civilization or culture, and who knew nothing of such distinctions as "mine" and "thine". The Utopians therefore maintained that if we desire to create a free state of life, as demanded by our natural instincts, we must abolish private ownership and establish public or communal ownership. The issue for them was: Is ownership entirely good or entirely bad; is ownership absolutely useful or absolutely harmful? Time and place and other attendant conditions were of little or no moment to them. They held that Socialism can be established anytime, anywhere, as soon as men come to the conscious realization of what is good for them.

Marx, however, knowing that everything develops and changes and that even human nature is controlled by the universal laws of development and movement, did not consider as the basic issue the question: Is ownership entirely good or entirely bad? Marx considered the issue to be: *when* is private ownership good and *when* is it bad? Marx investigated and analyzed the institutions of private ownership in all their changes, their stages of development and historical condition; in other words, Marx used the dia-

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lectic method in studying and evaluating the present system. It was therefore inevitable that Marx should differ from the Utopians in his conclusions. The Utopians came to the conclusion that private ownership was always harmful, that it was everywhere and at all times a curse upon human welfare, and that it should therefore be torn up by the very roots and destroyed for all time. Marx came to the conclusion that private ownership was at certain times necessary and useful; at other times it was superfluous and harmful. It was variously favorable and unfavorable, desirable and undesirable, depending in each case upon *the degree of development of society* at the given time or period. Socialism cannot be established whenever and wherever we have a notion of establishing it. Socialism can take the place of the present system only at a certain definite time, when certain conditions exist and when society will have reached a certain degree of development.

The attitude of Marx toward the State was quite different, therefore, from the attitude of many other revolutionists,—the anarchists for example.

The anarchists (as is well known) are always opposed to the State. They see no *change* in the function or utility of the State. The anarchists believe that the State has always served the interests of the strong and powerful and can therefore continue to be but a weapon in the hands of the strong against the weak. The anarchists use the metaphysical method of

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thought: the State was never good, is not now good, and never will be good.

The attitude of the modern socialist toward the State is quite different. He agrees with the anarchist that the State has been and still is being used in the interests of the dominant social group, but he adds that this is so because present-day society is divided into classes. Hence we cannot say that in the future, when the class system will be a thing of the past, the State will be an instrument of oppression. Socialists oppose the *class-state*, the State which represents a strong and dominant social group only, but they are not opposed to the State in general, which is the leading organ of *sociality*. They are not opposed to the State in general because they are convinced that in the future the State will serve all alike and will be a blessing to mankind. Bakunin, Tolstoy, Kropotkin, and all other opponents of the State are in this respect metaphysicians, while the Marxian socialists are dialecticians.

D. Marx's Discoveries.

We have already seen that laws, institutions, and the State develop. The vital question remains: What are the causes of this development? When does one system of society disappear and another take its place? What sort of social system will supersede the existing order? It is true that society develops and that our present system of society must also eventually change and give way to another form, but what will be the new form, and when will the change take place? What

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shall be our criterion in judging whether a certain event or law is necessary and useful or superfluous and harmful? We cannot tell what order of society will follow ours by merely knowing that society develops and changes. To accurately foretell the future of society we must know, not only *how* the social mechanism functions but also *what causes it* to function in the way that it does.

Hegel's dialectic method of thought provided no answer to any of the above questions. Through the dialectic method we know, in fact, that the present order must change to its antithesis. But what appearance will this antithesis have? And when will it come about? We know, for example, that if we plant a seed in the ground, a plant will sprout; we know that the volume of water in a vessel decreases upon being boiled. But the question still remains: why are these things so? What causes the water to decrease in volume when it is boiled? Physicists and botanists tell us that these phenomena are based upon certain definite laws of nature. Evidently there must be certain *social laws* upon which social phenomena are based. What are these laws?

The laws which Marx discovered have nothing to do with Hegel's dialectic. One can be a dialectician and at the same time not know of or not believe in these laws. Were it not for the dialectic method, however, these laws would perhaps still be unknown. In order to understand anything we must first see it clearly and think about it. Of course we can see a

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thing and yet not understand it, but it is impossible for us to understand a thing and not see it. The dialectic method taught Marx how to see and to think about every social phenomenon. But it remained for Marx himself to show us how to *understand* these phenomena.

With the aid of the dialectic method, for example, we know that water is not always a liquid, but that it is sometimes a solid (ice) and that sometimes it is neither a solid nor a liquid but flows suspended through the air (as vapor). But, the question remains, *why is it* that water is sometimes a liquid and sometimes a solid and sometimes vapor? The explanation of these phenomena became known only when certain laws of physics appertaining to heat were discovered.

The same can be said of the social phenomena. We could know but very little about these phenomena if we did not know the laws which govern them, and it was these laws that Marx discovered. Without the aid of these Marxian laws, the evolution of society would be a mystery to us, just as much as it would be a mystery to us why plants grow or why water is sometimes a liquid and sometimes a solid, if we did not know the laws of heat and light.

The reader will now understand why we have laid such stress upon the fact that Hegel's dialectic served Marx only as a guide, directing him upon the path which led to Scientific Socialism. We emphasized this point with good reason. Marx became a scientific socialist, not because of the dialectic method, but

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rather through the laws of social development which he himself discovered.

What constitutes these important laws discovered by Marx—laws which made Socialism a science? These laws embody the important doctrines of *Historical Materialism* and the *Surplus Value Theory*, which will be discussed in the chapters to follow.

“Thanks to these significant discoveries,” says Engels, “the discovery of Historical Materialism and the discovery, through the theory of Surplus Value, of the secrets underlying the capitalistic system of production, Socialism has become a science instead of an Utopia.”

We are now ready to discuss historical materialism. But before we undertake to discuss historical materialism it is necessary for us to become acquainted with materialism and the materialistic conception in general.

CHAPTER II

THE MATERIALISTIC CONCEPTION OF THE WORLD (THE PHILOSOPHY OF MATERIALISM)

A. General Considerations on "Spirit" and "Matter."

THE relationship between body and soul, between the psychic forces within us and the matter of which we are composed, between "will" and "must," between invisible, incorporeal thought and the material physical world, has interested man ever since he began to think and to speculate upon the riddles of existence.

The belief in the soul was already held by man when he was in the semi-primitive state, when he had not yet the slightest conception of the modern sciences through which we have become acquainted with the organic structure of every living creature, including the highest of creatures, Man.

Many of the phenomena which were not understood by the savage were attributed by him to a secret, invisible power, which he called the "spirit," the "soul." The phenomenon "death" was a profound mystery to the mind of the savage. He could not understand why it was that a dead person while appar-

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ently the same as in life was yet very much different. The dead person has the same body structure, the same organs as the living, and yet there is a vast difference. A corpse cannot move or stir, although the organs which function for motor activity are present. After long contemplation, the savage came to the conclusion that the reason why the lifeless corpse is so strangely different from the body of a living person is, that when death takes place the "spirit" is released from the body, the "soul" which directs and controls the existence of the living being has dissociated itself from the corporeal body.

Primitive man had numerous and vivid evidences in his experience which seemed to support his belief that death is the separation of the soul from the body. He would dream, for example, of people who had long ago departed from the world. How can these dead people reappear before me?—wondered the savage. It is the spirit, the "souls" of the dead that we see in our dreams,—he answered himself. So our savage ancestor became convinced that while the earthly body wasted in death, the spirit remained alive and active somewhere. Thus originated the belief in the immortality of the soul.

The savage explained the phenomenon of sleep in similar manner. He became convinced that in the time when man lapses into the unconsciousness of slumber the soul is temporarily separated from the body. "The savage has no doubt," says Paul Lafargue, "that that which he sees and experiences in his dreams actually

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happens. If he dreams, for example, that he is on a hunting expedition or that he struggles with his opponents, or that he is successful in taking vengeance on his enemies, and then awakens to find that he is after all in the same place where he went to sleep, he draws the following conclusion: He has a subconscious 'self.' This 'self' can be neither seen or heard and is as light as the very air. This other self broke loose from its companion body while the body was asleep and wandered in dense woods and animal-infested wildernesses. And when he sees in his sleep his dead parents or friends, the savage believes that the spirits of these people have actually paid him a visit."

"Among the savages and wild tribes which have not as yet passed beyond the lowest grade of development," says Friedrich Engels, "the belief still exists that the people about whom they dream are nothing else but spirits which have discarded for a certain time the body with which they are otherwise connected. These savages therefore hold the persons identified in their dream apparitions accountable for the good things or bad things committed in the dream. Such a custom, for example, has been observed by Umtibin in the year 1884 among the Indians of Guinea." *

The experience of the savage in his social relations with his fellows, with whom he lived and fought and hunted, strengthened and supported his belief that there is a soul in every human being,—a soul which commands and a body which obeys and fulfills that

* See "Ueber Ludwig Feuerbach" by Friedrich Engels.

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which the soul orders. His tribe was ruled by a patriarch-organizer. Whatever this organizer commanded had to be executed; his word was law. The rest of the tribe had no voice in their government; there was no such thing as individuality; personal free will was unknown in the tribal organization. There was one will in the tribe and that was the will of the patriarch. The rest of the people were mere automatons carrying out the commands of their acknowledged leader, the patriarch. The savages could not conceive of any event or organization without the presence of the ruling will to direct the subordinate elements, without the subject which commands and the object toward which the command is directed. This conception the savage applied to his own person. He divided his personality into two parts—one part being the will, the "spirit," which rules and commands, and the other aspect the physical body, the material substance which is ruled and which executes the desires of the spirit.

The savage not only regarded himself and society as a complex of *will* and *must*, of soul and body, of ruler and ruled, but he also regarded the world as a whole with all its creatures and things as a composition of a living will which rules, and lifeless matter which is ruled; of a mysterious soul which we can conceive of only in thought and an extended material substance which can be perceived by any or all of our five senses. Every natural phenomenon was attributed by the savage to the supreme will of the World-Spirit. He believed that the will of this spirit was the sole

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and final cause of all events and phenomena. Without this will, thought the savage, nothing could happen. Matter can be set into motion, can assume various forms, perform certain acts, only when the guiding spirit, the soul, so wills and commands. Without this command matter remains inert, unchangeable, colorless.

Later, when science began to reveal the secrets of the many natural phenomena which heretofore had been incomprehensible,—phenomena in the life of the individual as well as society,—later, when the great laws governing the mechanism of the cosmos were discovered, when it was clearly seen that many of the phenomena which had been attributed to a mysterious, divine power called “spirit” were nothing but the result of the action of certain physical, chemical and mechanical laws of matter, when it became known that dreams and like phenomena are controlled by physiological laws—even then, the conviction nevertheless persisted that, side by side with the material realm there exists the invisible, inextended spiritual world of thought and feeling and psychic activity which, by its transcendental pre-eminence over the physical world, takes on the quality of the divine. Man still found it difficult to explain his psychological self, his mind, his intellect and his thought by reference to the physical, chemical and mechanical laws of matter.

Not only did the psychological phenomena remain incomprehensible, but also the knowledge of the origin

of life, of the vital force governing the life of organisms from man down to the lowest of the creatures as well as the life of plants, remained a forbidding mystery. Physiologists have only in recent years been able to tell us by what mechanical and physical laws living creatures are governed. They have shown us how living creatures undergo changes and develop under suitable external conditions and how living creatures are exterminated when the surrounding external conditions are unfavorable to life forms. Yet Science is still baffled by the mystery surrounding the "secret of life" itself. The primal origin of organic existence remains a closed book.

The relation of the external forces, the chemical and mechanical properties of matter, to the living creature is analogous to the relation between the steam which causes the locomotion of an engine and the engine itself. The locomotion of the engine does not depend upon the steam alone. In order for the locomotion to take place it is necessary that the machine be especially constructed for that purpose. The machine must be adapted to the power of locomotion. If the engine is not properly built for locomotive function, no amount of steam can move it.

Just as it would be absurd to attribute the locomotion of an engine to steam power alone, ignoring *the build* of the machine, so too is it absurd to attribute every phenomenon of life to the external natural forces, ignoring the power of life of the creature,—

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the vital power to respond to and change under the influence of those external natural forces.

In the first half of the last century many scientists believed that they had discovered the secret of how life is generated from non-living matter. The famous naturalist Schleiden had even depicted the process—how from inorganic matter, from non-living stuff, a living cell is created. However, this theory of Abiogenesis or Spontaneous Generation has long since been conclusively disproved. To-day one of the most important maxims in the natural sciences is the fundamental principle that every living thing comes from a living source (*Omnia viva ex ovo*), that all living animals and plants originate from previously existing life. There is no place in external, material nature where *the living-spirit* is manufactured. (We say expressly “living-spirit” so that it may not be confused with “living matter,” for the matter of which a living creature is composed can be and is manufactured from non-living or inorganic matter, *e.g.*, by the process of assimilation in plants).

It seems that in the least developed as well as the most developed of creatures there is that universal ability to respond to the command of an *external* force,—call it “spirit,” if you will. This ability becomes more and more complex, and more highly developed as we progress from the lower organic forms to the higher animals on the evolutionary scale. Yet we should hesitate to say that the spirit, which manifests itself through or rather with the mind, feeling and

consciousness, is of the same stuff as the matter which it controls. And yet this spirit is always bound up with matter. What relationship exists between matter and spirit? Just what influence has the one upon the other? Through what points of contact is the invisible force called "spirit" combined with corporeal matter? Which of the two is the dominant power,—does the spiritual rule the material, or is the spiritual, on the contrary, but a subordinate adjunct of the material? Which existed first—spirit or matter? There is a broad diversity of opinion among philosophers upon the answers to these questions. On close analysis, the multiplicity of philosophical views and theories concerning the origin and the laws of the cosmos and the nature of ultimate reality can be classified into two general groups: *Idealism*, the belief that reality is fundamentally spiritual or mental, and *Materialism*, the belief that reality is fundamentally physical.

B. Idealistic and Materialistic Systems in Philosophy.

The philosophical idealists, however widely they may differ in their individual conceptions of the universe, agree on this one general principle—that the Spirit existed before external nature. The idealists therefore conclude that the material world did not always exist but was "created" in accordance with the divine will of the spirit. Their conception is of a *deus ex machina*, a "divine mind in which the world exists." The biblical interpretation of the creation of the world is substantially adopted by them. This

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belief leads logically to the conviction that the attributes of matter are nothing else but the attributes of the spirit,—for the master can embody in his creation only such qualities or attributes as he himself possesses. Material nature, the factual existence of everything that surrounds us, is, then, according to this theory, not independent and self-caused, but the result of a certain all-pervading force which lies beyond the scope of our physical being, known only in the superior human mind, but imperceptible to the limited human senses.

The materialistic conception is the direct antithesis of the idealistic. Fundamentally, it predicates the unity of all life and the continuity of all existence. The materialists say that the world has always existed. The material cosmos was not created by any divine will or supernatural power. Materialism denies the rule of spirits, souls, gods, and creators that are supposed to exist beyond our being. The materialists believe in the existence of only such things as are apprehensible by our senses,—things that can be seen or felt or heard. Nature is independent and is not governed by a spirit above and beyond the material realm. A spirit dissociated from nature does not exist at all. Whereas the idealist says that all things exist in relation to our consciousness, the materialist asserts that consciousness is merely a phenomenon of matter. The spiritual or psychical phenomena are nothing else but the result of the activity of corporeal nature.

In addition to these two defined monistic systems,

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each of which postulates the essential unity of the universe and maintains that the world is governed by one fundamental factor,—spirit and its manifestations, or physical nature and its attributes,—there is a third prominent metaphysical view of the universe, called Dualism. Dualism maintains that both factors, matter and spirit, are equally existent. One does not have supremacy over the other, but both exist independently and each has its own qualities and properties. They pair together in a sort of union and exert a mutual influence upon one another. The *res cogitans* and the *res extensa* exist side by side in the same world. But the cause and the nature of their connection to one another, dualism finds it difficult to explain. Dualism predicates the eternal co-existence of matter and mind, but it cannot satisfactorily demonstrate their interaction. The great philosophers are therefore either Monistic Idealists or Monistic Materialists, striving to solve the mystery of the meaning and function of materiality and the great riddle of the universe through one principle, one substance, one force.

The exact relationship of man's thoughts and sensations to the external world has ever been a matter of conjecture and dispute, for it involves the all-important problem of Reality.

What relation exists between external nature and our beliefs and conception of it (*i.e.*, nature)? Is

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there, after all, any knowledge in the world—philosophy asks—which is so absolutely certain that no reasonable man could doubt it? Is it at all possible for us to get a true conception of reality? Are the pictures and concepts reflected in our minds true copies of the external real world? Perhaps they are nothing more than a result of our inner fantasy, of our conscious Ego, our subjective imagination.

Such questions may seem absurd to the man in the street, the so-called “practical” man, who takes things for granted, without questioning matters that seem so evident as to be hardly worth stating. It is paradoxical indeed. That which seemingly is easily understood by the ordinary individual, who is only a superficial observer, is not at all as easily and readily grasped by the philosopher. Yet as a matter of fact, in our daily lives we assume as certain many things which, upon more careful scrutiny, are found to be full of apparent contradictions. The border line between the real and the unreal is not at all distinct and many things which appear to be real are not real at all, but simply illusions of reality.

We see a row of houses in the street before us. At first glance, we have not the slightest doubt that the street and houses exist in reality, that they are actual, and that they exist *outside of us*—that is, they belong to the external world. Yet all this may reasonably be doubted. How can we be certain that the street and houses occupy space and exist independently of us? What evidence have we that matter exists or that there

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is such a thing as an external world? One may answer: Our sensations, the various effects that objects produce on our consciousness are sufficient proof of their objective physical existence;—we *see* the street, we *touch* the houses, we *hear* the song of the bird, we *smell* the perfume of the flowers, and so on. Sensation is the experience of becoming aware of such things as sound, color, smell, etc., which are the attributes of objects. Indeed, were it not for our senses—if we did not hear or see or feel—we could have no conception of the external world. A blind man does not know the appearance of the house; a deaf man does not hear the bird's song. Our every conception of the external world depends, then, upon our senses. Yet is sensation in itself sufficient to indicate or to prove reality? The senses are qualities we possess. These qualities are *within us*, and they are *private* to each separate person. Our conception of the exterior world is, therefore, based upon our sense *within us* and not upon the exterior world itself. If we admit that without our senses—which lie within our Ego—we could have no conception of the world, it follows that our entire concept of the world is the result of our Ego, a subjective result, and not a result of the things that lie *outside of us*. Since our belief in the existence of an external world is not based upon the external world itself but upon our senses, the important possibility suggests itself,—Perhaps the messages conveyed by our sensations are false. Possibly there is no external world at all. More important, perhaps there is no

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“we”;—there is only an *Ego* and the concept of the world which is based upon the *Ego*. How can I know that there is actually a world *outside of my Ego*?

It is evident that many would strongly object to these suggestions. Why—they would say—were it not for the external world which acts upon and influences the senses, the senses could not respond to anything, the nerves would have nothing to transmit to the brain, percepts and therefore concepts would then be impossible. We could not hear the song of the bird if the bird did not sing. If there were no rays of light the optic nerves would be of no use, they would remain undisturbed, functionless, and we would be unable to build our concept of the appearance of anything. We know that in every concept two elements must be considered: the object, a passive element which causes and directly calls forth the activity of our *Ego*, and a subject—our senses—which elaborate the impressions of the object. If matter had no existence, if there were no external world to provide the sensations we experience, our senses would have no impressions to elaborate upon. The work of the subject, namely, conveying the impressions or percepts to the mind, thereby constructing the concept, is therefore only the result of a cause which lies *beyond our Ego*.

Our previous question, however, again asks with insistence: What positive evidence is there that every phenomenon is a result of a cause which lies beyond our being? True, granted that we can *know*, yet our entire knowledge is nothing more than the result of the

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activity of our senses. Without the senses which we possess, knowledge would be impossible. The problem then remains that, since without our senses which are part of our Self we would not be able to know that every result must have an external cause, then who can tell with certainty that there is anything outside our being? Perhaps the cause of the activity of our senses and therefore of all our impressions and concepts lies *within* us.

There exists no external world outside our Ego—says the philosopher Fichte;—The External world, the Not-self, exists only insofar as our Ego, the subject, recognizes it. Without our subject, there is no material world, for we can have no cognition of it.

Fichte's conception, known as "Subjective Idealism," does not bear analysis. If it be true, as Fichte believes, that an "external world" exists only *within* us and not *outside* of us, then we must—if we wish to follow this premise logically—hold that the existence, the being of other persons, is also nothing but a subjective belief, partaking of our Ego. We must, then, also contend, for example, that the existence of parents is only true to the extent that our belief and our imagination recognizes it, for everyone and everything outside my Ego belongs to the external world, to the Not-self. I must deny the fact that I was born of a parent, since this parent exists outside my Ego. If so, the question arises: How comes it that I myself am here in this world? How can there be an "I" without parents? And if, on the other hand, we admit that our parents

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exist not only in our Ego, but also outside our subject, we must then admit that there exists a Not-self, independent of our Ego, *i.e.*, that there is a world *outside* of us.

Kant believes that there is some kind of an external world, independent of us, which has nothing to do with our Ego because it lies outside of us. This world is the realm of the "things-in-themselves" and Kant regards it as essentially unknowable. Kant is convinced that the world does not exist entirely within our Subjective States, in the inner consciousness of the individual. It is true that we (*i.e.*, our conceptions) have to deal only with our own senses and only with the representations of external things which resulted from the activity of our senses. We must not, however, confuse the things which actually exist with our images and concepts of those things as we have them in experience. That is, we must distinguish between the world of "things-in-themselves" and the World of Phenomena. The world of things-in-themselves is the unknown world of absolute reality, while the world of Phenomena is the realm of knowledge. In every conception two factors must be considered: the qualities of the object which convey to us certain impressions and the qualities of our Ego which receives these impressions. Our Ego groups and classifies these impressions which it receives from the external world. The classification is made in accordance with a certain order adapted to the nature of the Ego.

Let us consider, for example, a house, as an object

in the external world. In order to construct our concept of the house we must necessarily attribute to it a certain form, a certain definite location, a certain limited space of occupancy, and also a certain time. We calculate the roof of the house to be so many feet in dimension, that the foundation is upon a certain place, that the bricks occupy so much space. (For the measurement of a thing is nothing else but the space that the thing occupies.) The space we attribute to the roof cannot, therefore, be attributed to the foundation or to any other part of the house. In other words, each part of the house has its own definite dimensions and space. If we failed to attribute any space or measurement to the house, we could have no conception of it as a physical object, because the form of a thing is nothing else but the difference of that thing from "not-that-thing." Imagine that instead of seeing a house at one definite place we were to see it *everywhere*, and that no particular space would be occupied by the house,—we would then actually see the house nowhere, for if we could see no limited place where the house is located, if we could see no beginning or end, we could not, obviously, attribute any form to the house. Our image of a certain thing cannot be divorced from the basic element of its spatial characteristics, the idea that it begins here and ends there. What is true of Space is likewise true of Time. We can know what hour the clock strikes only after we have heard it strike, and we know this by systematizing the number and order of sounds produced. To

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each sound struck we attribute a certain time. If all the strokes of the clock were to take place simultaneously, never end or never begin, we could have no conception of the sounds produced. This separation and classification of things and events in accordance with their temporal and spatial relations is therefore absolutely essential in order to be able to construct our conceptions of those things and events. Time and space, the universal and invariable characteristics of phenomena, are contributed by our consciousness, our own nature. Things by themselves do not exist limited by space and time. The conception of space and time ceases to be as soon as we think of the world not in relationship to ourselves but as separate and distinct ("an und *fuer sich*").

Since things by themselves exist *without* our own nature, since they are independent of our senses and attributes, and since they exist without a definite space and a definite time, our conceptions of things cannot be the same as the things from which those conceptions spring. The concepts which are formed by the action of our consciousness and which lie in our subjective states are the result largely of the qualities of the Ego and are not reproductions of the things themselves, which exist separate and apart and are unknown, and unknowable.

The world-in-itself Kant calls the "Noumenon-World"—the world without events. The world in its relationship to our experience of it, the world of things-

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for-us Kant calls the "Phenomenon-World"—the world with events.

Every event, believes Kant, must be the outcome of an antecedent, every result must have its cause. If this were not so, the entire world would appear to us as an incomprehensible jumble, a scatter-patter of various things, thrown about in a chaotic flux, without any ordered relationship of one thing to another. In order that we may have an understanding of the world, there must be a certain harmony, we must place things in systematic order, so that they bear certain essential relationships of casuality to one another. We must establish certain laws whereby we may hope to understand the world. The fundamental laws of nature are themselves substantial evidence that there is coherence between the various phenomena. What other meaning than that there is a certain harmony between phenomena can we draw from the natural law that clouds precede rain? Does not this law show the casual relationship between clouds and rainfall? Such laws must, therefore, be recognized, if we are to think at all about the phenomenon-world, which is empirically constructed. In the noumenon-world, which exists in itself, beyond the power of the senses, it is not at all necessary to apply the conception that every thing or phenomenon must have a certain cause. And hence in the noumenon-world there is no such thing as cause and effect. The laws of nature are important only insofar as they apply to the phenomenon-world, which we perceive with our senses. The noumenon-world,

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which is above sense perception, is not governed by these laws.

Upon close analysis, Kant's theory that time and space, cause and effect are forms of the *a priori* conception, we discover an important contradiction. According to Kant, a certain phenomenon is only possible as follows: First, when the noumenon-world which exists *beyond* us and which in itself is unknown, effects us and makes an impression upon our consciousness; secondly, through the attributes of our Ego, which act upon and systematize these impressions. Now it will be asked: If we assert that every phenomenon is caused by the effect of the world outside of our person, the noumenon-world, would not, then, the noumenon-world have to be the cause of all phenomena in our world? Yet Kant himself holds that cause and effect exist only in relation to us, on the basis of the *a priori* conception, but not in the noumenon-world. Assuming that in the noumenon-world cause and effect have no existence, it would, then, be better to maintain, like Fichte, that the cause of our conceptions lies in ourselves, and is not, as Kant says, the result of a world existing outside of us. But the moment we admit the cause of all phenomena to be traceable to us, is it then at all necessary to believe in the existence of a world outside our Ego? Perhaps after all an external world exists only in our imagination, to the extent that our Ego is able to conceive of this world. Perhaps without an Ego as a subject, there can be no

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object. And for this reason Fichte says that Kant, to be consistent, must turn to Subjective idealism.

To be sure, we can agree with Kant that our sense organs function only when the eternal world acts upon them. But then we must admit, too, that cause and effect exists also in the external world of Noumena and is not merely a form of our imagination, a category of our reason.

And just this leads to the true Materialistic Conception of the world,—that the laws of the world which exist in our consciousness are not a result of our subject, our Ego, but true, objective laws of the external world. Our mind does not create the laws in order to make easier an understanding of the world, but investigates and discovers the very things that are already present in Nature. If these laws do not exist objectively, outside our Ego, they cannot, then, have existence in our subjective consciousness. Thus, our conceptions are nothing but reflections of external, objective Nature. The more these laws become known to us, the more we recognize and understand the true external world.

C. The Evidence for Materialism.

We now turn to the materialistic conception of the world, which we shall take up in detail.

The doctrine of materialism, as we have said above, does not include the belief in the existence, prior to the creation of the world, of deities by whose will and according to whose pre-conceived plan this world was

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brought into being. Nor does materialism accept Hegel's view, namely, that there is an *absolute idea*, tracing its origin to times immemorial, and existing at a time when there was not even a trace of this world; and that this world of ours is nothing more than an embodiment of this absolute idea. The conception of such an absolute idea the materialist regards as a fantasy, a relic of our former blind belief in gods, having nothing in common with reality.

Materialism does not recognize, furthermore, Kant's "naumen" world, a world which cannot be conceived by the senses, lying as it does beyond the reach of human sense and feeling. A purely spiritual world, which neither has a concrete "body," nor can be conceived by the sense of "body," is something which does not even occur to the materialist as probable.

Materialism also considers as untrue the theory of subjective idealism, which maintains that reality and the outer objective world, which we call the "non-ego" has no further existence than in the mind of the subject and is nothing more than a reflection of the "Ego."

For the materialist, the only real world is the tangible world—the world which can be conceived by the senses. With this world alone does he reckon. Man is conceived by the materialist not as standing aloof from the corporeal world, but as standing within,—as an integral part of nature and subject to her laws. Ideas, thoughts, and conceptions—in short everything we term spiritual is not something independent, exist-

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ing apart from matter; but rather something born simultaneously with the material body. Will, thought, consciousness and the other psychological qualities which we include under the general term "soul" are not external things but manifestations and properties of matter. The "soul" is born, grows and develops only in proportion as its physical counterpart, the brain is born, grows, and develops. Thought is inseparable from the brain itself. Matter is not the product or offspring of spirit (no matter what particular form the philosopher may give it), or a separate, independent substance. *Spirit is nothing more than a higher form of matter.*

Without the brain itself, psychological functions are impossible and it would be ridiculous to regard them as something independent and separate. On the other hand, the more highly the brain is developed, the more highly developed are the psychological functions.

The higher a certain organism stands in the scale of evolution, the more highly organized both qualitatively and quantitatively are the various parts of its body, the more complex is its nervous system, the finer and more delicate is the structure of the cerebral organ, the greater is the division of labor among the brain cells, and the more highly developed are the psychological functions: will, thought, etc.

Such organisms as are on the lowest plane of evolution and possess no central nervous system are not endowed with complex psychological functions. Their activity is limited to reflex actions, *i.e.*, they are able

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to react only to certain stimuli such as light, heat, moisture, etc. This reaction occurs without the presence of either will or consciousness on the part of the organism. Such reflex-actions are merely the symptoms of life, manifested even by some plants. When this low organism, however, has developed physically, we begin to have division of labor. Then only definite parts and organs react to definite stimuli of the outer world. These special parts are the nerves and the delicately adjusted organ of the higher animals—*i.e.*, the brain, especially adapted for psychological functions. These psychological functions are considered a higher form which has developed out of the mere ability to react to the outer world. The transition, that is, the development of these reflex actions into higher volitional processes occurred parallel with the physiological development of the body of the higher organisms. This applies not only to the development of the species, but also to the growth and development of each and every individual. "The mind of the child matures as the child matures in years." In other words, the psychological functions develop as the brain develops.*

That the psychological functions are closely bound up with the brain and nervous system is a fundamental

* One of the fundamental laws upon which modern zoology is based is the so-called bio-genetic law of Ernst Haeckel which holds that ontogeny is a brief repetition of phylogeny—*i.e.*, that the embryo in its development passes through all the consecutive stages through which the entire species has passed during its evolution.

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law of natural science. The brains of great scholars, artists, and geniuses are more highly developed both qualitatively and quantitatively than are those of average human beings. The brains of idiots, on the other hand, are far simpler in structure, being scarcely developed at all. A Parisian scientist who had given years to the measurement and weighing of brains found that the brains of Schiller, Byron, Turgenev and other men of the same intellectual type weighed far more and were far more complex in structure than those of other people.

The innumerable experiments performed by eminent physiologists upon certain animals and birds leaves no doubt as to the fact that the psychological soul is inseparable from the physical brain. Of especial interest are the experiments performed by a French physiologist upon such animals and birds which live even after the brain has been removed. This scientist used to cut out bit by bit the brains of chickens and he maintained that he had thereby gradually removed the "soul" or the life consciousness of the chicken. By means of these operations he was enabled to reduce the chicken to such a state where it no longer manifested even the lowest psychological instincts such as the desire for food or drink or the avoidance of danger. Life itself, however, was not extinguished by this process. It was demonstrated that the life of such a chicken could be prolonged for years by scientific feeding. What is even more remarkable, observations proved that the chickens which had been subjected to

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these experiments actually gained in weight. The manifestations of life in these creatures, as in plants, were, however, not immediately discernible. They remained wherever they were placed, without displaying even a trace of volitional activity. These chickens retained merely the ability to react reflexively to external stimuli and were thus practically reduced to the condition of plant life.

What more conclusive evidence than this can be put forth to prove that the soul does not exist as an independent phenomenon, entirely detached from matter?

The evolutionary theory of Darwin, which proves that all living things, plant and animal, have been developed from mere bits of protoplasm is, in like manner, one of the most forceful arguments against the claims of those who maintain that the spiritual existed before the creation of the material world. On the contrary, as it is quite evident to us now, the growth and development of the spiritual is of necessity closely parallel with the growth and development of the physical, and the spirit can exist only where exists the physical brain. From which we may conclude that, previous to the development of living things into such highly specialized organisms as man and the higher animals possessing a brain, there could not possibly have been the remotest trace of a spiritual "soul."

Many idealists, as well as the metaphysical dualists who believe that creation is fundamentally divided

into two parts (matter, which occupies space, and spirit, or inextended thinking, which does not occupy space), undertake to compare the relationship of spirit to matter, of the soul to the brain, with that of the pianist to the piano. The musical sounds do come from the piano, but the moment the player chooses to release his control over the piano, it no longer gives forth any sounds, for the piano is merely the tool, the instrument upon which the player executes his will. In like manner, they argue, it is plain that without the brain, without the necessary instrument, the spirit would be unable to manifest its activity.

This comparison, however, is obviously unsound. If matter is to be considered merely as an instrument for spirit, how are we to explain, then, the fact that the spiritual is continually and inseparably associated with the material, and that the spirit grows, increases, or diminishes only when there is a parallel or corresponding growth, increase or decrease in the accompanying matter? As we have seen above, certain animals are able to live on even after the brain, the instrument for the psychological functions, has been entirely removed. It is clear, then, that the state of dependence of spirit upon matter cannot be compared with the relationship of the player to his musical instrument.

But,—it will be asked,—granted that the development of the spiritual occurs simultaneously with the development of the material, is it not nevertheless true that the highly complex organisms which manifest considerable psychological activity have reached

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their present stage of development only after having passed through the innumerable progressive stages of the evolutionary process, commencing with the formation of combinations of the simple, single-celled organisms? These cells must undoubtedly have a certain spiritual property, a "life force" which distinguishes them from ordinary matter, from non-living, inorganic elements; they must possess the ability to respond to eternal stimuli. Whence,—it is asked,—whence did this certain spiritual quality or "life force" have its primal origin? If spirit is not an independent force, if it is only a consequence of matter, if matter and spirit are born, live, and cease living, together and at the same time, and if the life functions in the living cell are merely properties of the matter of which the cell is composed,—then why must a living organism necessarily have its origin in a previously existing cell? Why is there this continuity of life, and why are we unable to create living organisms in the chemical laboratory from ordinary matter? Why are our efforts futile to find the secret of this cell matter which is the genetic origin of all life? Wherein lies the real distinction between the inorganic or the non-living, and the organic or living nature?

As yet, the materialistic doctrine has been unable to give satisfactory answers to these questions. The explanation of these seemingly eternal mysteries is still concealed from human understanding behind the dark veil of the Unknown. However, the mere fact that materialism has not, *as yet*, succeeded in answer-

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ing many questions, does not mean that this alone is sufficient ground to warrant the total rejection of the doctrine of materialism, and the acceptance, in its stead, of theories which endeavor to solve the problem of creation by reference to supernatural, non-material forces. "Those who hold the view that there is a certain, indefinable life force or 'spirit of life,' which is entirely independent of matter," ironically remarks P. A. Lange, "are wont to seek refuge in every dark, mysterious corner of nature which has not yet been illuminated by the enlightening rays cast by the lamp of science. In such dim, obscure nooks the so-called 'idealists' conceal themselves to weave their nets in which to ensnare and befuddle the normal human understanding."

The task of science is not to dismiss the problems surrounding various phenomena by declaring the phenomena to be incomprehensible and ascribing to them inconceivable and invisible forces; the aim of science is rather to investigate, to discover and to clarify,—to make the incomprehensible, the inconceivable, comprehensible and conceivable, to reduce the apparently supernatural to the realm of the natural.

Fortunately, in recent times, scholars have already partially succeeded in penetrating with their sharp vision those concealed corners where Nature secretly weaves the threads of life. Slowly but surely, science is thrusting aside the heavy veil covering the mystery of the origin of organic life.

Professor Ernest Haeckel has proven that the one-

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celled or uni-cellular organisms are not, as was thought, the ultimate unit of life. These minute, simple organisms are themselves the results of a long and complex evolutionary process. The unit of living matter is not the single cell or cell nucleus, but much smaller living bodies of shapeless plasm. These microscopic masses of plasm are composed of little granules, made up of a fibrous combination of water, acid, carbon, and nitrogen. These moist, infinitesimal bodies are the units of living matter, and from them has been evolved all organic life, together with all the psychological functions and the spiritual phenomena of life.

The renowned German chemist, Emil Fischer, succeeded in building up the minute plasmatic granules above described, by the chemical combination of ordinary elements. It is to be hoped that when all this highly important scientific research will have been completed, the dividing wall between living, organic nature and non-living, inorganic nature, will crumble into insignificance, just as the revelations made by the Darwinian theory of evolution caused the deep abyss between the animal kingdom and the vegetable kingdom, to vanish. With our relatively narrow vision and limited comprehension, it is perhaps rather difficult for us to grasp the full significance of the evolution of one species into another, or of the evolution of man from a mere mass of protoplasm. Scientists and scholars are convinced, however, that evolution did occur in this manner, and further, that the

process required millions of years to bring it to the present stage. There is, therefore, a possibility that, in the course of such an extended period of time, inorganic elements might gradually be transformed into protoplasmic substance, under the influence of certain necessary external conditions. Our present inability to actually witness the origination of living protoplasm is probably due to two causes: First, we are at best unable to trace more than a limited period of time, which is inadequate to cover the stages of an evolution extending over millions of years; and, secondly, the surrounding climatic conditions are unfavorable for such observation.

The complicated mystery surrounding life, which so many persons have tried to account for by vague references to the supernatural and the unnatural, is now, according to these discoveries, completely disentangled and clarified; the great world-secret is revealed, and men cease their search after deities and invisible forces in those realms where only the natural laws which govern tangible matter actually operate.

D. The Monistic Philosophy of Nature.

Among the disciples of the materialistic conception of the world, which denies the existence of anything either sub- or super-natural, we find various opinions regarding the essence of the spirit, and of the natural occurrences which are called "spiritual phenomena."

Many materialists are extreme atheists. They deny absolutely the existence of a supreme being. They deride the idea of a spiritual power. For, they main-

tain, spiritual power does not exist at all. This power, they further claim, is not more than a thing of the imagination. *Those things which we call spiritual phenomena are nothing more than manifestations of conceivable matter.* "Thought," says Moleschott, "is a movement of Matter." There exists only corporeal matter, which has certain qualities, such as movement, electricity, warmth, etc. The spiritual phenomena are only certain forms of the movement of matter. Matter in itself, is not by any means spiritual; it does not think, it has no will power, and no soul. It is nothing more than a combination of lifeless atoms. The combination, the organization of these atoms is also the cause for the so-called "spiritual phenomena,"—for thought, perception, sentiment—for that which we call "soul." According to the interpretation of these materialists, the spirit is no more than *a certain form of dead matter*, but matter itself does not contain it. If matter is not organized in a certain manner, then it also lacks the so-called spiritual attributes. It is therefore self-evident that the spirit, the soul exists only where there is a totality of atoms, but each individual atom by itself possesses no soul.

The materialistic philosophers of the last generation, however, especially those who are ardent disciples of the evolutionary theory of Darwin, are inclined rather toward the conception of the monistic materialists, who believe that matter itself is *inspired*. Every atom of matter is at the same time an "atom-soul." "The quality of consciousness," says Meynert, "must lie

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within each individual atom. For, if each atom considered separately were lifeless and did not possess the power of consciousness, then any organization of atoms would also not possess the power of consciousness. Our brain, which is nothing more than a definite organization of atoms, would not, then, be able to manifest any spiritual functions." This monistic conception is not materialistic in the pure sense of the word. It does not deny spirit, soul. On the contrary, according to this system, there is no such things as dead matter, matter without spirit. Says Ernest Haeckel, "I do not know of any such thing as dead material, nor do I conceive of any substance that has no feeling, sense, and power of conception." The chemical, physical and mechanical properties of matter, are its "soul." The soul, however, is not a separate, independent principle, which stands apart from matter. *There is in the cosmos one substance—the universal substance*, and this universal substance has two aspects, two forms,—a material and a spiritual, at one and the same time. The material form occupies a certain space and may therefore be comprehended by our senses. The spiritual form does not occupy space, is inextended, and cannot be comprehended by our senses. This spiritual form is the soul. These two forms are inseparable; they never exist without each other. Matter and spirit are two components of one body. Where there is matter there is spirit, and *vice versa*. A change in one produces a corresponding change in the other. The universal substance is spirit and matter

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at one and the same time. It is that unknown "something" which is so difficult to define and which reveals itself to us in various forms. It occupies space and has certain invisible chemical and physical properties, such as magnetism, electricity, light, warmth, etc. If we think of the world as a physical substance or as a thing occupying space, then it is for us a material thing which is easily comprehensible by our senses; but if we consider the *forces* of this substance, then it becomes a godly product, a spiritual something, which is quite incomprehensible. If we think, however, of the universal substance in *both its forms* and aspects, then it is *spiritual and material at one and the same time*. Spirit is not an independent element just as matter is not an independent element. They are both attributes of one substance, of the universal substance. To illustrate: A leaf of a tree has various properties; it is green, flat, etc. The green color is as much a quality of the leaf as is its flatness. The leaf is not either green or flat, it is *both green and flat*. The leaf substance embodies in itself the quality of green color just as it embodies the quality of flatness. Considered from the color point of view it is green; considered from the space point of view it is flat. What is true of the relationship between the greenness and flatness of the leaf substance, is also true of the relationship between the material and psychic qualities of the universal substance.

The monistic conception, as we see, is not materialistic in the pure sense of the word. We may call it

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idealistic as well as materialistic. It recognizes spirit just as well as matter, and it disagrees with the view of the materialists, that the world consists solely of corporeal matter. It is materialistic, however, in the sense that it does not recognize any god, or a "life force" as an independent element, disconnected from material nature.

The monistic conception recognizes only one external nature, and no other force. Nature is both spiritual and material. The soul of an individual is not an independent power which is united with the body, and is not controlled by the natural laws which govern the body. The soul cannot be separated from the body; the individual, the human substance, is soul and body combined. A change in the body brings about a corresponding change in the soul. The body and the soul are one and the same thing—they are in fact identical. If we think differently to-day than we did previously, then it is due to the fact that the complex of our body (that is, the cells of our brain) is differently organized than it was previously. If, on account of external impressions of the immediate environment, the cells of our brain function differently,—then it is self-evident that our thought must undergo a change.

This conception, which is recognized by the most distinguished natural-scientists and which acquired a strong scientific basis, thanks to the great discoveries of Darwin and his disciples,—especially Ernst Haeckel,—was the conception of Baruch Spinoza, who claimed

that God and Nature are one and the same thing. Where there is God there is always Nature, and *vice versa*. Everything that is natural is simultaneously spiritual. The one difference between Spinoza's Pantheism and our Monism consists in the fact that Spinoza named the "unknown something," which embodies in itself matter and mind, body and soul—*God*, while the natural scientists call it universal substance. "When we analyze the substance," says Ludwig Feuerbach, "to which Spinoza gives the name God, we find that it is nothing more than Nature."

This monistic conception of nature, the father of which is considered to be Spinoza, is also the conception held by Marx and Engels, who were, in this respect, disciples of Ludwig Feuerbach. Marx and Engels, however, went much further. They applied their monistic materialism to the interpretation of history. The achievements of these men wrought the foundation of historical materialism.

CHAPTER III

THE MATERIALISTIC INTERPRETATION OF HISTORY

A. Pre-Marxian Theories.

THE Materialistic Concept of Nature threw an entirely new light upon world history, and gave it a new meaning and a new interpretation.

History is a chain of social phenomena and events, whose links are changed and altered by their contact with one another. Every social phenomenon is the expression of the social desire, the will of society. Social functions are impossible without the will and consent of society, just as the single act of the individual is impossible without the exercise of the will on the part of the individual. The will and desire of any society or community is made up of the *single* wills and desires of the individuals which compose the social order. The public will represents the sum total of all the individual wills. Each individual strives to achieve his own desires, has in view his own welfare, and gives little regard to the common social good. But these varied strivings of different individuals continually cross each other and thus meet with constant

conflicts, clashes and impediments, until they are adjusted and conciliated with one another. This adjustment or reconciliation is brought about by the Will of Society. The social desires manifest themselves in the various social customs and institutions, in which the Will of Society is embodied. Each institution of the social order is nothing more than a tangible form in which the common will clothes itself. Everything pertaining to society bears upon it the stamp of the *public will*.

The social institutions, which characterize the communal will and desires, and which embody in themselves the psychological "ego" of society, are: Religion, Ethics, Customs, Justice, Law, the Political Order, and all other factors which regulate and affect the relations of one individual with another. All these institutions reflect in themselves the spirit, the psychology, the soul of society, just as the deeds of the individual serve to reflect his character and psychology. The spiritual strivings, the aims of society, which are embodied in the social customs and institutions, are called *the Social Ideology*. This Social Ideology is the very fabric of society, the structure whose bricks are the strivings and desires of every individual member of the social order. Were it not for the numerous single, independent wills of the various individuals, which form the complex of the common will of society, there could be no Social Ideology.

As long as the belief was held that the spirit is something external, an outer force governing human

existence, it was thought, naturally enough, that the entire progress of history and all social phenomena and social ideals represent a sort of gift or blessing bestowed by this external spirit. Ethical teachings and moral principles, which are, in fact, nothing more than an expansion and elaboration of the biblical admonition, "Love Thy Neighbor as Thyself," were similarly thought to be a part of the human consciousness, something inherent in the human soul, for man, the most perfect being of creation, is by nature a merciful being. Customs are not the result of simple, every-day life, but something apart from ordinary existence, elevated above life itself, and included among the dogmas of a godly spirit. Justice, likewise, was not thought of as something which has its source in human experience and which is regulated through human interests, but rather as a consequence of man's spiritual striving toward equity and righteousness.

The materialistic conception, however, looks out upon the world of reality without the spectacles of the idealists; it neither deifies nor spiritualizes the outward world and its phenomena; it regards them simply, in their own true light. The cause for the origin of any social institution,—the materialistic conception maintains—lies, not in some external spirit, but in *Evolution itself*, in the outward conditions and circumstances governing the lives of men. The surrounding sphere, the environment, is the determining factor in the formulation of the social ideology; and if the ideals of a social group develop a new form, it is not through the

will of an all-powerful spirit, but because the physical environment of that group, which is constantly undergoing an evolutionary development, now demands a new form of expression. If man, or mankind itself necessarily thinks along certain lines and in no other way, then the brains of the thinking people, according to the materialistic theory, must undoubtedly be organized and must function in a certain definite way, and in that way alone. Different people, naturally, have different thoughts, for the reason that the brains of these different individuals are differently organized, both quantitatively and qualitatively. A change in the functioning of the brain of man can come about only through the stimulus of external influences and external impressions, which alter the thinking processes of the affected individual and distinguish him from his unaffected or otherwise affected neighbor. Were it not for the various external influences, through which the brain receives various impressions, there could be no change in the thinking processes, men would always think along the same lines, and the thoughts of all individuals would be alike.

To find the source or origin of any social institution or social ideal and striving, we must inquire into the outward factors and conditions which make up the environment in which the people of that society move, since all will and all desire is but the consequence of the determining influences exerted by the *external* environmental conditions. Any change in human thought or sentiment is an indication of change in the

environmental conditions. If man changes his conception concerning a certain event, it is an evidence that the circumstances of man's environment have been so altered as to produce a change in his point of view. *"Man's world of thought is a reflection of the world of reality."*

This fundamental truth, that man, together with his will and all his feelings, sentiments, desires, preferences, and aspirations, is simply a product of the external environmental conditions, was recognized by the materialists of the eighteenth century, who continually repeated John Locke's famous maxim, *"There exist no innate ideas,"* and that *"Man is what external nature and society make him."*

Those materialists sought to absolve the individual from the responsibility for his conduct, and to place the burden upon society, upon the social sphere or organization within which the individual was reared.

And, in fact, if man is completely subject to the external conditions of his sphere of activity, if his environment is alone responsible for all his traits of character, for his good and bad qualities alike, it is self-evident that, in order to eradicate the faults and the defects of man, we must first bring about a complete change in the environment in which man grows up and develops; for human beings by themselves, that is, in the "state of nature," unaffected by environmental influences are naturally neither good nor bad. "A child," says Locke, "may be compared to a fresh strip of white paper, upon which can be written whatever

one desires." The individual should be placed in a good social environment, in circumstances that will neither provoke nor irritate him, and among conditions that will enable him to pursue his own existence without interfering with the existence of his fellow-men, in the midst of conditions that will enable him to see his own benefit in service to his neighbor,—and then indeed will man attain perfection. If we desire to have a society composed of men of sentiment and principle, we must undertake to change the environment, *i.e.*, the social sphere, from which the individual derives his convictions, his customs, and his opinions.

The materialists of the eighteenth century, however, did not pursue their theory to its logical conclusion, and they were therefore caught in an enchanted circle of contradiction, from which they were unable to extricate themselves.

If the ideas, thoughts, and opinions of the individual are determined by the environment in which he lives and from which he receives his impressions, it follows, then, that the ideas and sentiments of society as a whole must also be shaped and determined in accordance with the surrounding environmental conditions; that is, they must harmonize with the form in which the existing social relationships clothe themselves, they must be suited to the prevailing conditions governing the social life. If, for instance, the social relationships are based on private property, society elaborates the ideas and convictions pertaining to private property. According to this theory, in order to find the funda-

mental cause underlying historical development and all human events, in which, as was pointed out above, the will and desire of society find expression, we must first understand the causes for this social will, and such causes—the materialists maintain—are to be found in the social relationships and conditions of life. But what is the origin of a particular type of social relations? Is it in the conditions of social life, which determine the will and opinion of the people? Why is it that only such and such relationships prevail, and no other? Why do just *these* political conditions and this or that government exist, and no other? Why is it, for example, that in various lands and at different times, a constitutional democracy was instituted, in spite of the fact that elsewhere and at other times despotism and absolutism still held sway? Why is there at one period of time *this* particular form of religion and *another* form at *another* period? To these perplexing questions the materialist replied: because the dominant ideals of society determine its institutions, because *the will of the people* demands just *these* laws and just *these* conditions and no other. So, therefore, in order to improve society and social life—said these materialists—we must strive to change the will and the sentiments of the people and of their social order; and then only will the improvement in the relations between men be effected naturally; a new environment will then be created; the individual will then receive other impressions, and hence will

be reared differently, will become nobler, finer, and so on.

The fundamental contradiction involved in this form of reasoning, is evident. The will, the ideas and ideals of society are dependent upon the conditions of the social relationship. The conditions of the social relationship are, again, in the opinion of these materialists, dependent upon the will, the ideas and ideals which dominate in the social order. On the one hand, we have the Social Will, represented as a consequence of the conditions of the social relationship; and on the other hand, we have the form of the social relationship, the conditions of social intercourse, represented as a product of the Social Will.

True, it is quite possible that the Will of Society, considered as a cause, may be responsible for the conditions of the social relationship as the effects of that cause, and that the resulting conditions in turn, operate upon the causal will of society, thereby continually strengthening these conditions. But in order to get to the root of the problem, and arrive at the real explanation of this paradoxical state of affairs, we must seek to ascertain the *original* cause which brought forth the existing conditions. Without knowing the original or *first* cause, it is obviously impossible for us to eliminate this or that undesirable condition. What, then, is the original cause? Is it in the conditions of the social relationship, or does it lie in the Common Will of the people composing the social order? Which governs the other—is it the outer

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world, the environment, that determines the conditions of life, as Locke implies when he says, "There exist no innate ideas"; or does man, by the conditions of the social relationship which he creates, determine the social environment and the Social Will?

It is clear that both of these, the form of the social relationship or the outer conditions of life, and the Will or ideals of society cannot each be the first cause of the other. This first or original cause, which brought forth both, cannot, therefore, lie in either; it must be a separate, *external* consideration.

What is the nature of this cause?

Many historians have attempted to find the explanation of man's social relations in Human Nature. It is in the natural disposition of man, they say, that we may find the cause and the explanation for the conditions which govern and regulate the social life of the human species. It was, in fact, for this very reason that the Utopian Socialists, who accepted these interpretations of history, set up as their criterion in evaluating any social organization, the degree in which the particular social order harmonized with the laws of Human Nature.

The theory of these historians is, however, quite unfounded. If the key to the explanation of the social relations which govern the lives of men is to be found in human nature, how, then, can we explain the entire complicated course of political evolution, which is nothing more than a *succession of various changes and social upheavals*? If this cause (human nature)

is eternal and unchangeable, it follows that the result (the social relations determined by this cause) must also be unchangeable and everlasting, which is obviously false. Since social relations are plainly *not* eternal and *are*, in fact, subject to change, it logically follows that, if we are to consider them the *result* of human nature (as the supporters of this view maintain), we must admit that the *cause*, or human nature, is also *not* eternal. When we say, therefore, that human nature is *not* eternal, that it is subject to change, *i.e.*, manifests new desires and new passions in accordance with the changes in social life,—we are again caught in the enchanted circle of contradiction: The social relations are a product of human nature, and human nature is a product of the social relations! A pretty paradox indeed.

But aside from this consideration, how is it at all possible to have a social order, which is *unsuited* to the requirements of human nature, if every change in social life is to be interpreted as an expression of change in human nature? If, again, we assert that society is *sometimes* in accord with human nature and sometimes in disagreement with it, then by this very assertion we acknowledge that human nature is not the *only* cause which accounts for the state of human relations and the characteristics of the social order, but that there are *other* factors involved, that the evolution of the social relations is also affected by its *own* laws.

But,—the question naturally arises,—granted that

human nature is not the sole determining factor in the social order, of what use is this concession itself, if we are in ignorance concerning the true causes, the laws and fundamental principles which brought the social order into being?

It is manifest that this materialistic concept of the eighteenth century, which was almost entirely centered about the single maxim, "There exist no innate ideas," was incapable of explaining all the perplexing phenomena of human life. This materialism did not unfold the causes of human evolution, it did not set forth the reasons why one particular form of social relations is in the ascendancy during one epoch and another at a different period, why the general tenor and tendencies of society are constantly being changed, modified and remodelled. According to these materialists, it appears that the external conditions of the social environment are, in any case, either a product of the common will of the people (*i.e.*, that the sentiments, or better, the spirit of the people operates as an unlimited autocratic force dominating social life),—which constitutes a reversion to the idealistic point of view,—or that, as the above-described historical conceptions maintain, the only dominating force in social life is human nature, and that society has no *natural laws of its own*, in accordance with which its evolution is shaped;—which is equivalent to a negation of the entire fact of *Evolution*! Therein lay the chief defects of this conception. These materialists were metaphysicians rather than dialecticians; they considered Nature

us well as Society not as being in the midst of a dynamic evolutionary development, but as remaining in a continual, static state of unprogressiveness.

Of the entire doctrine of evolution these materialists knew nothing; they had not the slightest understanding even, of the origin of the human species. It is true, to be sure, that Holbach, the leader of these materialists, did have somewhat of a basic conception of the evolution of the human species, but even he put little faith in an idea which, at that time, seemed highly fantastic indeed. "If we were told," says Holbach, "that Nature functions and operates purely by a set of fixed and unchangeable laws, and further, that man, beast, bird, fish, and plant life have had an everlasting existence and will continue eternally immutable,—we materialists would have no objection to such an opinion." This is the characteristic tone of eighteenth century materialism. Those who held this concept regarded nature, as well as the phenomena of social life as being fixed, ready-made and permanent, as an accumulation of moving forces, but not as a result of evolutionary processes. Hence the trend of their thought was metaphysical, and they believed that all objects and all phenomena, being permanent, continue always to have the same value and the same qualities. To understand this attitude, we must remember that it was not until one hundred years later, in the nineteenth century, that the startling scientific discoveries upon which the entire doctrine of evolution is based, were brought to light.

The idealists, as might be expected, were not at all convinced by the claims put forth in the materialistic concept of the eighteenth century, and they therefore commenced to seek elsewhere the solutions to the many burning social problems which presented themselves. The idealists maintained, as we already know, that all the phenomena of the physical world are merely conceptions of thought and of the mind, and that the only "real" world is the spiritual world, the world of the mind and its ideas, so that matter, or the physical world, has no independent existence at all, but is merely a collection of "ideas." But while ascribing all physical occurrences to a concealed spiritual world, the idealists began, at the same time, to inquire more seriously and more closely into the Natural and Social phenomena. This was rendered possible by the numerous important inventions and discoveries made in all branches of scientific research.

Hegel, whose philosophy represents the culmination of idealism, regarded the phenomena of Nature and Society dialectically, as in a state of evolution and change, closely bound up with the external influences and conditions surrounding them. Applying his dialectical method to the study of historical science, Hegel found himself unable to agree with the theory of those who held that historical phenomena are to be explained by human nature. Hegel was fundamentally a dialectician. The method of the dialectician is to endeavor to arrive at an explanation of the particular phenomenon through a consideration of the surrounding cir-

cumstances, of the temporal and spatial conditions. Since the circumstances of time and place surrounding any particular event or occurrence are, in fact, *a matter of history*, and are continually being changed and altered, it follows that the causes of any social phenomenon must, then, be *historical causes*, and that these historical causes determine the nature and the value of the resulting events or relations. Thus, we are enabled to comprehend the manner in which customs, institutions and all social phenomena are developed and changed, and to understand the variations in their importance at different times. We see that such developments and variations are brought about through the changes in the surrounding circumstances which produced those relations or institutions.

The dialectical method of the idealists was a great forward step in comparison with the antiquated doctrine of those materialists who, considering the world and all its phenomena as permanent and unchangeable, regarded the social phenomena metaphysically, and who could not understand that the value and characteristics of all objects and institutions are not always the same, but vary at different times and in different places. So long as the materialists refused to be concerned with surrounding conditions, which are subject to change, and which are, in themselves, matters of *history*, they could not seek in these conditions the causes, or rather, the laws of the social phenomena. These materialists looked for the laws of historical

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science, not in history itself, but outside of history,—in human nature.

The idealistic conception, although it was on the right road to the discovery of the principles and laws which govern social life, could not yet satisfy the clear-thinking realists, for the very reason that this conception is so closely bound up with the belief in a spiritual world which is incomprehensible by the senses.

In order to arrive at a completely satisfactory conception, it was necessary to take one further step of importance; it was necessary, while retaining the dialectical method for the study of social phenomena, to eliminate, at the same time, the idealistic point of view, to revert to the former materialistic conception, and to seek the fundamental causes of social development *in evolution proper* and *in history proper*, just as the materialists looked for the *first* cause of the natural phenomena in nature itself. To obtain this *desideratum* it was necessary to combine eighteenth century materialism with the dialectical method of the idealists,—and *this momentous step was accomplished by Karl Marx*, who added the materialistic basis to Hegel's dialectic. *With this materialistic-dialectical method, Marx began his inquiry into historical phenomena.* Marx regarded history from the same materialistic standpoint with which the eighteenth century materialists looked upon nature, but he substituted for the metaphysical method of those materialists the dialectical method of the idealists.

It was through this *historical materialism* that Marx succeeded in presenting political and social evolution in its true light.

B. The Objective Laws of History.

I have indicated in the preceding chapter the outstanding feature of Marx's interpretation of history, which radically differentiates it from the conceptions held by his forerunners. As I have said, Marx was a dialectical materialist. As a materialist, Marx accepted the conviction that the ideas, thoughts, and sentiments of individuals, as well as those of society as a whole, viz., the social ideology, can be the result or the product only of the surrounding environmental conditions. These external conditions, which are the cause of human sentiments and consciousness, and which determine the direction of the Will, cannot, however, be permanent and unchangeable, as the old materialists thought; they must, on the contrary, be *variable, historical*, and subject to the eternal processes of evolution. The causes which underlie historical development and all social changes are not the immutable laws of nature, but the moving, variable laws of Society itself. The principal factors or basic causes which bring about evolution must *themselves* be evolved; and it is in the very *mutability* of these causes that we may find the solution to the problem of historical evolution.

This sound conviction, which, as we have seen, resulted from the blending of two apparently irre-

concilable doctrines; Holbach's Materialism, and Hegel's Idealism, and to which Marx gave such consonant and harmonious form,—the formulation of this conviction alone would hardly have been sufficient to immortalize the name of Marx. The undying accomplishment of Marx consists, not merely in his understanding of how to study and analyze the problem, but rather in *his actual discovery* of the true, underlying causes of historical development. Marx's crowning achievement was not in the formation of the Dialectical-Materialistic conception. The method of Dialectical-Materialism was only a means to an end; it served merely as a lantern to illumine the road of scientific inquiry into historical phenomena. Many other investigators, with this same lantern, this same method to guide them, stopped short in the middle of this unexplored road and either turned back or wandered off into crooked by-paths. Karl Marx, however, with his remarkable insight and zealous study of the problem, finally succeeded in reaching the long-sought goal; Marx penetrated into the *sanctum sanctorum* of History and he triumphantly *revealed its real laws and its driving force*. Therein lies the reason why Karl Marx's name will forever remain inscribed in golden letters upon the tablets of Science. Thanks to the discoveries made by Marx, it was at last possible to tear aside the thick veil covering the secret mechanism that moves and governs world history Marx—and no other man before him—succeeded in opening the door of that hidden chamber where are

woven the threads of history, and it was only through his achievement that the complicated phenomena of history were unravelled, and rendered transparent and comprehensible.

Just as the name of Darwin was immortalized by his discovery of the laws of Organic Evolution, so also was the name of Marx made imperishable by his discovery of the laws of *Social Evolution*. Darwin proved that the natural adaptation of all living organisms to their environment is not the result of any supernatural force exerted by spiritual powers or deities, but that it is the result of blindly working forces in Nature itself, the result of *Natural Selection*; that the harmony of Nature is not to be ascribed to the taste of some supernatural artist upon whose will all is dependent, but is the consequence of the unrelentless, blind forces of Nature which destroy unmercifully all beings incapable of adapting themselves to them; that the order of Nature is not the result of a divine Good Will, but of *the unseeing laws of necessity*. Marx proved, that historical events are, likewise, not a result of subjective demands, but that they are the consequence of *historical necessity*, of *objective laws*; that it is not the subjective will that governs life, but that, on the contrary, the subjective will is subordinated to and dominated by these objective laws.

What are these Objective Laws of History? What is this principle of Historical Necessity to the requirements of which must be adapted the desires and the strivings of men?

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Every living thing manifests the desire to live and to multiply. Life and the propagation of life are possible only when the necessities of life are freely obtainable. The means for setting free these necessities and making them available for use are to be found in external Nature. Nature itself, however, does not actually provide living things with all the necessities for existence. The living organism must possess the essential food-getting organs with which to secure its own nourishment. Those organisms that lack the necessary structures wherewith to carry out the food-getting function, and which are, therefore, *maladapted* to the natural conditions of the environment, are very quickly exterminated in the merciless struggle for existence. Only those living things can survive, which, in the course of their evolution, have been able to develop the required organs with which to fortify themselves in the unequal battle for existence against the forces of nature. Parallel with the internal development of the natural organs in every living creature, there develops also, as we have seen, the mental powers or intellectual capacities. The psychological functions are inseparable from the physical brain.

Thanks to the accidental appearance and development of such fortifying and protective structures or organs, which prevented the blind, cruel forces of nature from totally destroying life upon the earth, there was developed, during the course of an evolutionary process lasting millions of years, and beginning with a simple bit of living protoplasm which

evolved through gradual stages of increasing complexity, the wonderfully organized and highly complex creature known as "man." What profound changes must have taken place; how many living beings must have been submerged and annihilated in the bitter struggle against cruel nature, before it was possible to achieve the perfect physical structure, the complex, yet harmonious bodily system, the highly organized brain, and the well-developed mind, of Man! But once this degree or stage in the evolution of man from the lower life forms has been reached, once that man's ancestors succeed in developing the superior human brain, the struggle between man and the blind natural forces assumes an entirely changed aspect; the warfare for the continuance of existence now takes on a new form.

Instead of the blind struggle which heretofore he had to wage individually, and in which his only protection was his *natural*, physical weapons, man now begins the eternal contest with the help of his intellect, with the help of the *mental* weapons which have developed together with the wonderful *physical* growth of his body. Man now ceases to be a mere plaything in the hands of nature. The caprices of nature lose their former power; the preservation of life is no longer dependent upon chance or accident. Man now seeks refuge in the unity of group or social life, in the formation of ties connecting him with his fellow-beings. Since man as an individual is, like other creatures, too feeble to conquer the terrible forces of

nature, he creates, with the help of other human beings like himself, a combined power, a united strength to which even proud, unyielding nature must give way. Social or communal life, however, attains its purpose, the protection of the individual, only when the necessary physical weapons for the social defense are available. These weapons for the social defense are, fortunately, to be found in nature itself. Nature furnishes the very arms and implements with which she is combatted. And, as a result, man is now no longer a puny, unprotected individual, struggling impotently against his adversaries in nature. He has become part of a great armed camp, fortified to meet the trials and the dangers which experience has taught him and his fellow-men. His weapons of battle and defense against nature must no longer necessarily be *appendages* attached to his physical body, for man has now learned the use of *implements*, which are entirely disconnected from his own body.

The bodily organs of man (exclusive of the brain) now practically cease their development (*i.e.*, their quantitative development). The centre of gravity in the evolutionary process shifts to the newly developed man-made *Social Organs*. These organs or instruments of society, which grew out of the social instinct, are not peculiar to any single individual or group of individuals; they are in the common possession of *society as a whole*, the dominant element in the social organism.

These newly acquired artificial organs play a part

in society analogous to that which the natural, physiological organs play in the life of individual beings. The existence of society now begins to be dependent upon these new social instruments, just as the life and existence of every individual is dependent upon his physiological organs. If the bodily connection between the social organism and the new artificial organs is wanting, they are instead bound together by a still closer relationship, in a *spiritual* sense. If the mind, the psychological activity, the soul of all living creatures are vitally connected with the form of their bodily structure, with the functioning of their physical organs,—in a word, with their *material* state of being, then the spirit, the soul of *society* is no less bound up with the *material conditions* of social life. *The social psychology, the social consciousness, the will and the sentiments of society are created by and adapt themselves to the material organs,—the methods, the instruments, and the weapons with which society conducts the battle for existence.* All psychological phenomena of society are a reflection and a consequence of the man-made social organs, and the various institutions, in which are embodied the social will and sentiments, and in which the soul of society finds expression, must of necessity be exactly suited to these artificial organs.

Designating the man-made artificial organs, under which are comprehended the technical instruments, weapons, and the form and means of social co-operation, by the general name, *Productive Forces*, we may formulate the following fundamental principle: *The*

material productive forces always determine the form of the political order and institutions, which are nothing more than the concrete embodiment of the social sentiments. The will and the desires, which are embodied in these forms, can find their expression only when they are suited to the productive forces through which they were called into being. The subjective will and convictions cannot *oppose* these objective, material conditions. These objective conditions create the environment in which man lives and from which he receives his impressions; they shape the psychological apparatus for the cultivation of the desires and preferences, and, as a consequence, the finished products—the customs, convictions, strivings and ideals bear upon them the stamp of the environment in which they were formed. The environment, however, is not a result of man's subjective will, as the materialists thought, nor is it a product of human nature, as many historians maintained; the environment is created only by *the objective productive forces* which man employs in his struggle for existence. If man possesses the trait of being merciful, it is not because he is the image of a divine power or because the godly spirit is innate in him, but because this trait or characteristic was necessary for man, because without this characteristic the productive forces would be rendered useless in the battle against nature. If the productive forces demand that men shall work in co-operation with one another and shall lend each other a helping hand in case of necessity, so that each indi-

vidual may be assured his share of the social benefits,—there naturally arises, in the course of time, the habit of mercy or compassion, which is capable of a greater or lesser development, depending upon the natural tendencies of each separate individual. If, however, the productive forces were such that the individual might be self-sufficient, that it would be unnecessary for men to work in association with one another; or better—if the productive forces were to demand complete isolation or even oppression,—then there could be no such thing as pity and brotherly love! And not only habits, but also customs, manners, laws and political institutions—are all bound up with the conditions under which the battle for survival is conducted.

However, *the means and the methods of production, or the productive forces undergo changes, are in a continual state of evolution; and so, also, must of necessity be subject to change, the opinions, sentiments and desires, as well as their tangible results, the various customs, laws and institutions,—in a word, the entire form in which the social order is clothed. Herein lies the secret of social evolution, as it was perceived by Marx! "The material productive forces, and no other factors, make up the objective conditions which give rise to the various historical forms of social life."* If different peoples are distinguished by different customs, it is an indication that their respective productive forces are dissimilar. The productive forces of one social group may call forth a certain set of cus-

toms, while the productive forces of another group may give rise to entirely different customs. If the laws and political institutions have changed, undoubtedly there has been an alteration in the productive forces. If the productive forces were to remain static, immutable, social evolution would be impossible, and there could be no such thing as historical development. *Historical evolution is simply a result of the evolution of the material productive forces.*

If, in the history of humanity, we see first, a communistic or tribal order, then a patriarchal organization, later slavery, and still later feudalism, it is because the determining productive forces at the outset required for their development a communistic system; later, when the productive forces were altered, they could exist only under a patriarchal order of society, and still later, only under the social division into master and slave. Feudalism, or serfdom, arose only when the productive forces which had served as the foundation for slavery were nullified and superseded by others which required feudal conditions for their development.

In the very early stages of civilization, when man was in the primitive state of development and occupied himself primarily with hunting, the form of social life was a tribal communism. This social system was in conformity with the technical development of the artificial weapons and tools with which mankind waged the struggle to conquer nature. The implements of primitive man were naturally crude and

rudimental. At first there was no distinction between weapons and tools. The weapon was the only tool for offense as well as for defense. The weapons that primitive man used were those he found ready at hand,—wooden clubs, animal bones, tusks and teeth, and pieces of stone. It was therefore practically impossible for him to overcome the powerful beasts of the field singlehanded. It was necessary to form groups or tribes so that, with united strength, the common purpose might be achieved. All members of the same group took an equal part in the chase and each received an equal share of the products of the common activity.

These hunting groups gradually increased in size. Together with the growth in membership of the social group, there grew also the wants of the individual members. The occupation of hunting could no longer satisfy all of man's wants and desires. The persistence of these new desires finally forced him to seek a new mode of life and different sources of subsistence. He now turned to the cultivation of the soil and the raising of cattle, thus effecting the transition from the hunting stage to the agricultural and pastoral stage. Agriculture and grazing did not, however, require that men work in groups any longer, for the reason that the crude simplicity of the implements used by primitive man suited them only to individual labor. Men soon found that it was more beneficial and practical to have single individuals or small groups cultivate limited tracts of land rather than to have large groups

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cultivate vast areas. Together with the disappearance of the co-operative system of equal division of the fruits of production, a change took place in the form of social life. Tribal communism was superseded by another order of society, based upon private property.

Meanwhile, human wants continued to multiply. Agriculture and cattle-raising were also found incapable of supplying all the demands of human existence. Struggle and warfare between hostile tribes increased. It is to be understood that war, in primitive times, was a necessity which grew out of the struggle for existence. War demands firm and rigid discipline. Discipline implies complete subordination to superiors and is hence possible only when the government bears a despotic character. Besides that, war results in the capture of numerous prisoners from the conquered tribes. At first, when men produced scarcely sufficient to satisfy their own wants, they could ill afford to support these prisoners, and so it became customary to kill all prisoners of war. Later, however, when men were able to produce more than enough for their own needs, the victorious tribe found it more profitable and also desirable to make slaves or servants of its prisoners. It was in this manner that slavery originated.

The decline of slavery and the rise of serfdom were, similarly, the consequences of changes which took place in the productive forces, in the ways and means by which humanity conducted the everlasting struggle for existence.

The transformation of the free Roman Republic of antiquity into an ugly, beaurocratic despotism is attributable, not to the customs, the character, or the will of the then ruling class, but rather to the desires and the inclinations of the body of Roman citizenry. Rome turned from democracy to despotism because the ideals and the sentiments of the Roman citizens were completely changed, and this conversion of ideals and sentiments was brought about by *the changes in the productive forces*. The interests of the productive forces which formerly had developed in the mind of the Roman citizen such high ideals of democracy, now underwent a transformation, which in turn produced a radical change in the ideals of the Roman citizen and inclined him towards monarchism and absolutism.

The great French Revolution, which changed France from an autocratic dictatorship to a bourgeois republic, was brought about, not through the efforts of the leaders and philosophers who preached and propagated the free republican ideals of "liberty, equality, and fraternity," but through the fundamental changes and development in the productive forces. The productive forces, which had hitherto been feudalistic, now assumed a bourgeois character, and hence could no longer tolerate the feudal order of society. Those classes which had begun to live by these new productive forces instituted the protest against the old order. It was among these classes that the strong desire for a social change took firm root, and it was by the members of these classes that the sparks of

revolution were slowly nurtured and fanned into the mighty flame which consumed the old regime. The stubborn resistance and bitter opposition to the revolutionary doctrine came only from those classes and strata of society that still continued to live by the old productive forces, those productive forces which, for the rest of society, had already become obsolete and antiquated.

If the restrictive craft guilds or trade unions of mediæval times, which shackled and prevented individual enterprise, were finally abolished and replaced, at the end of the eighteenth and the beginning of the nineteenth centuries, by unhampered commerce and free competition, it was because the former weakly organized and little developed *small* industrial productive forces (*i.e.*, the small workshops and manufactories of the middle ages), which had to rely upon guild regulations to protect their interests and maintain uniform standards, had developed into *great* industrial productive forces, which do not tolerate restriction and limitation of enterprise. Industry, to be conducted on a large scale, must be allowed free rein, and great industries can thrive only in those countries where unlimited and untrammelled development is possible. The old guild system which obstructed independent enterprise had to be dissolved and supplanted by a new system, *to meet the requirements of the new productive forces.*

And so it is with all customs, sentiments, laws, political systems and institutions;—the productive

forces are the all-determining factors that alone have framed and moulded the course of Social Evolution.

"The materialistic interpretation of history," says Friedrich Engels in his "Anti-Dühring," "follows from the recognition of the validity of the fundamental principles that production, and together with production, the exchange of the finished products, form the foundation of every social order; and that in every historical form of social life the distribution of the created products, as well as the social division into classes, are both determined by the conditions under which the commodities are produced, and by the manner in which the created products are exchanged among the people. The true explanation of the various changes in society and the first or basic causes of all political upheavals must therefore be sought, not in the minds of the people, not in the human sentiments of truth and justice, but rather in the changes that have taken place in the character of the productive forces and in the method of exchange of the social utilities. The underlying causes of all social phenomena are to be found, *not in the philosophy, but in the economics* of every generation: the awakening of the social consciousness, the realization that the prevailing institutions of social life are no longer beneficial or desirable, the growth of the conviction that former social standards are no longer applicable, that what was formerly considered good or wise has now become absurd and irrational—all this is an indication that the changes in the conditions of production

and exchange were brought about gradually and unnoticed, and that the new conditions are no longer the expression of the old social order, which was patterned and suited after the measure of the old economic conditions."

"I am convinced," says Marx, "that the relations among men, under the existing laws and the present forms of industrial life, express themselves, neither in their own nature, nor in the development of the human spirit, but that they are deeply rooted in the material conditions of life (the productive forces)."

This great exposition of Historical Materialism, which conclusively proves to us that the causes of Social Evolution and the driving force of history are the material productive forces developed by society in the struggle for existence,—this momentous discovery, made by Karl Marx, resulted in the creation of a new method and a new standard for the evaluation of the various social phenomena. In the application of this method of historical materialism we can determine the real social value and significance of any historical phenomenon. Historical events, currents, customs, usages, conventions, laws, movements, political ideals and institutions are progressive or reactionary, impellent or regressive, good or bad, desirable or undesirable according to the *degree* in which they are in conformity and in adjustment with the productive forces governing society.

In order to avoid the possibility of a misconception.

we should observe that the materialistic interpretation of history, which predicates a certain law of necessity governing history, and which teaches that history moves according to objective laws, in conformity with the requirements of the material productive forces, does not in any sense imply that man, as an intelligent and voluntary agent has no place in history, that he is a mere automaton, a tool of the productive forces. On the contrary, all that has been said above points clearly to the fact that the will, the sentiments, the consciousness, and particularly the intellectual activity, of men play an important part in determining the character and direction of all social phenomena and institutions. Social institutions are, in fact, nothing more than the embodiment of the human desires and preferences. The attainment of the common social end is impossible without the conscious participation of the individual and the exercise of his psychological functions. Historical materialism, which denies the existence of extra-mundane spirits and the operation of invisible supernatural forces, does not at all undertake to call into question the important function of the human mind, as the product of the material physiological structure of the body. Historical materialism simply undertakes to explain just *why* the mind operates *in a certain way; why*, at any given time, it runs *in just this direction and in no other*. This doctrine applies only to those material or physical *social organs*, that call forth and determine the direction of the composite *social mind*, which is the sum total of all the

individual minds, each of which is itself bound up with a tangible physical organ.

The unfortunately widespread belief that Marx denies the influence of the mind and the psychological functions in evolution, is utterly false. This reproach is just as unwarranted and as unfounded as would be the reproach to Darwin and his pupils, the monistic materialists, that they deny the existence of a soul in each individual. The real question at issue is not whether the mental activities and psychological influences are factors which help to shape the course of human history,—for this is undeniable. The question is simply one of determining the *reasons* for these psychological phenomena, which cause them to assume the character that they do, to appear in *one* form to-day and in *another* form to-morrow. Just as the monistic-materialist maintains that the psychology of the individual is not an independent, self-sufficient force governed by its own disposition and laws, but that it represents *the other form* of the physical brain and is of necessity entirely dependent upon the laws and conditions governing matter,—so, likewise, does the historical materialist maintain that the Social Ideology, the soul of society is closely bound up with the physical productive forces and that every change in the latter produces a corresponding change in the mental or psychical activity of society.

It is true that the human mind and its activity is also dependent upon the surrounding *natural* conditions, *e.g.*, the climate, topography, geological and geo-

graphical situation, etc. These factors leave their impress on and determine the direction of the psychology of the individual, as well as the ideology of society. However, these natural conditions are *constant*,—that is, with few exceptions they are always fixed and stable; they cannot, therefore, bring about any *changes* in the social ideology or in the individual psychology. But we are seeking the causes underlying *historical development* and *social evolution*, which is nothing but a series of changes and transformations! It is obvious that such causes cannot be the permanent natural conditions, but that they must lie in the productive forces, the *only* factors that can satisfactorily account for the *dynamics* of historical evolution.

The human wants are constantly increasing in number, for two reasons: First, because the population is steadily increasing; and secondly, because of the advance of culture and civilization. The persistence of the desire to satisfy these wants prompts men to improve their artificial implements, or, as we call them, "the productive forces," and together with the changes in the productive forces there also come about changes in the relations of man to man, as well as in the social institutions, laws, etc.

Why—it will be asked—do you necessarily ascribe all social changes to the productive forces;—is it not possible that these changes might be the result of the natural increase in the population? If, as you say, the population is constantly growing and is therefore changing, numerically at least, then why may we not

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account for historical changes by these changes in the population, instead of attributing them to the productive forces?

The answer is very simple. Historical changes express themselves not only quantitatively, but also qualitatively, and the causes that bring about these changes must of necessity be capable also of qualitative change. The increase of the population itself, which is simply a quantitative change, cannot, therefore, be accepted as the principal cause of evolution. The productive forces, however, change in quantity *and* in quality and are hence the chief moving forces in history.

Certain learned critics, who ridicule the entire conception of historical materialism, believe that they can embarrass or completely overthrow it by the one seemingly puzzling question that they are so fond of putting. "Do you mean to say," ask these savants, "that when a scholar makes a discovery or an artist creates a masterpiece, his accomplishment is merely the result of the promptings of necessity, of the economic requirements? What is the relation between the productive forces and those great intellects of scholars and scientists which must certainly have an influence upon historical evolution?" This question, enigmatic as it may seem, betrays a lamentable ignorance on the part of its formulators: We are primarily concerned, not with the single inventions and discoveries of science and art, but with *science and art in general*. According to historical materialism, science and art

are not divine gifts, but the results of the perpetual struggle which man wages against the forces of nature. It is only through this struggle that man forms the desire and the will to reveal nature's secrets. Since this desire, the striving for scientific knowledge, has been developed through a separate instinct, it is no longer necessary, according to historical materialism, that every discovery or invention be accounted for by a special economic cause. Besides that, every invention in science and art is, in one definite sense, actually dependent upon the physical productive forces that govern society and determine the social environment. The labors of research and investigation undertaken by scholars are not done at random, independent of the period and the generation in which the scholars live. Every step in scientific progress is made upon the basis of the previously accumulated knowledge and experience and with the help of certain essential apparatus. The necessary preliminary experience is derived by the scholar only from his environment, and the apparatus is dependent upon a definite state of development of the productive forces. Without these physical productive forces, without the environment to supply the scholar with the necessary knowledge and apparatus, scientific discovery and invention would be impossible. A chemist cannot make any new discoveries unless he know all the chemical laws and principles that are accepted in his day; a bacteriologist cannot conduct his researches without the necessary microscopes. The thought of every scholar is in large

measure influenced and directed by the material and the preliminary knowledge which he has acquired. He elaborates only upon the previously discovered principles of science and knowledge that are furnished him by his environment. We may therefore say that all invention and all discovery is dependent upon the state of the productive forces, which determine the direction of the human intellect. "No scholar," says Marx, "can succeed in discovering a new method of catching fish if the pond is lacking."

CHAPTER IV

THE HISTORICAL NECESSITY OF SOCIALISM

A. The Class Struggle in Society.

IN our discussion up to this point we have considered Society as a homogeneous organism, with a unity of interests and a common environment from which it receives *uniform* impressions and which evoke *uniform* phenomena. We have seen how all society is dependent upon material forces of production, with which the struggle against nature is conducted. Whenever there is a change in the productive forces, the environment is transformed, the minds of men receive new impressions and formulate new convictions, the psychological processes react upon entirely new conditions, and there necessarily arise new methods and channels of thinking, new ideas, conceptions, beliefs, and opinions, a changed consciousness and a different will in society. These new sentiments and ideas eventually bring about a spirit of discontent and protest against the old conventional forms and standards of society. The movement for a readjustment steadily increases in strength; the greater the number of those influenced by the conditions and impressions of the

new environment, and the sooner these impressions have been instrumental in forming new convictions, the sooner do they arouse the social consciousness. Once the social consciousness is awakened, there passes the time when the old spiritual convictions, political ideas, and conventional standards of morality had their support in actual practice and were upheld by a skeleton of tangible fact and deed. The old social standards and institutions, which were founded upon the old conditions of life, in conformity with the former productive forces, disappear, and in their place arise new forms and standards, adapted to the new conditions governing the forces of production. Evolution advances another step in its steady progress. The wheel of history rolls on, for its driver—the forces of production—has given it an irresistible forward impulsion. To be sure, before the wheel of history makes one complete convolution, never to return to its old position, its path is impeded by numerous obstacles; it oscillates forward and backward in the intense struggle between the forces restraining it and the forces urging it onward. But the inevitable moment finally arrives when history leaves its old lodgment forever. The old customs, institutions and standards are superseded by new standards and institutions, modeled in accordance with the requirements of the new productive forces. Life is invested with a new historical form.

So, indeed, could we conceive of social evolution as a whole, if society were really a homogeneous organism, with all its individual organs and members

living together in a state of peace and harmony. But if we inquire into the *internal* condition of society itself, we find that *the productive forces do not affect all of society at once*, but that, on the contrary, they divide society into a number of warring factions with conflicting interests; that they destroy unity and harmony among its members, and that they create not *one* environment, but *various* environments, not a community of uniform sentiments, but a diversity of opposed convictions, beliefs and interests. There is a struggle, not only between nature and society, but *in society itself, between and among the classes of the social order*.

"The conditions governing the relations among men," says Marx, "are dependent upon the means of production. When the latter change, there comes about also a change in the relations among the producers. The conditions of their co-operative effort, as well as their part in the entire productive process, undergo a change. When new weapons, new instruments of warfare are discovered, there is, of necessity, a change in the entire inner organization of the army, as well as in the relations in which those individuals stand, who make up the army and by reason of whom the army proper is considered as an organized whole; and eventually there results a change also in the relation of one army to the other. The human social relations and the relations governing production both alter in conformity with the change and development that takes place in the material forces of production. The

relations existing in ancient Roman society were, for instance, founded upon the institution of slavery; in the later feudal system, they took another form; and bourgeois society is, similarly, characterized by conditions other than those of the feudal order."

The cause for the division of society as a whole into groups or classes, or, as Marx calls it, "the change in the relations among men," also lies in the state of these very productive forces. The productive forces in primitive times, when they consisted almost entirely of the occupation of hunting, unqualifiedly demanded a communistic social order, in which the relations among individuals were based upon absolute equality. When the hunting stage of man passed into the agricultural and grazing state, the social relations assumed an entirely different form. The former basis of equality, of absolute co-operation and the equal distribution of the created products was now destroyed;—the relations among the members of society were no longer as among individuals having equal rights, but were shifted to a basis of *inequality*, involving distinctions between the privileged and the unprivileged, between favored individuals and ordinary people. When the chief occupation, and hence the productive forces, came to consist of warfare, the relations among individuals became still more *unequal*; society was rent into two parts—masters and slaves. The present division of society into capitalists and workers was, in like manner, brought about by the nature of productive forces which create commodities, not for the

use of the individual producer, but for sale and exchange. The productive forces, as was pointed out, create, not a single, uniform environment, but several *different* environments, which produce different modes of life. One class receives its impressions from, and finds itself under the influence of, one form of environment, while another class is influenced by a different form of environment. These impressions, received from different environments, are often contradictory to one another, and produce different effects on the mind of the subject, depending upon the class to which he belongs. As a result, there are formed different ideas, convictions, customs, institutions—in short—*different ideologies* in the same society: an ideology of the ruling class and another ideology of the class that is ruled. Under such conditions there cannot be one general ethical code for the whole of society, but there is developed instead a *class morality*; the ethical standards of the oppressed classes are often diametrically opposed to those held by the dominating class; what the oppressed class considers legitimate might be considered wrong by the oppressors, what the bourgeoisie considers as a duty, the proletariat might regard as a sin,—and both classes are, each from its own point of view, justified, for they receive their impressions from different sources; they live and draw breath from entirely different environments and their thoughts are directed into diverse channels. Different classes develop different spheres of thought, which are divided by a deep and ever-widening abyss

that gives no promise of ever being healed or eliminated, for each of the classes has a different outlook upon life, holds diverse convictions, lives with different hopes, and strives toward a different goal.

To the exploited wage slave who wastes away his life in the dreary grind of the factory, toiling away without measure or limit for the very means to hold body and soul together, the impressions he receives from the existing order of society are certainly far from agreeable. They produce in him, not a spirit of satisfaction, of contentment, but a spirit of bitterness and of protest against the prevailing system, founded upon private property,—which to him means ownership by the few,—and which robs him of the ability to utilize the products of his own labor. Those who strive for the removal of the evils of such a system are regarded by the proletariat as veritable saints and saviors of humanity, whom all other beings should emulate. The movement which has for its purpose the abolition of the existing order, is to him the noblest and best. The bourgeois, on the other hand, who fattens on the toil of others and who does little or nothing himself, is quite satisfied with his environment; the impressions that he receives are very agreeable to him,—they do not arouse in him a spirit of disaffection, but on the contrary they develop in him the deep-seated conviction that the existing order of society is highly desirable and advantageous. Hence the bourgeois regards with apprehension the efforts of those who propose to do away with the existing system,

and he accuses the social reformer of the most malicious intentions and the worst crimes imaginable. It is obvious that such clearly incompatible views are utterly incapable of ever being reconciled; it is not a question of bringing them to a peaceful adjustment, but of which will eventually come out the victor. A reconciliation is impossible, one or the other must gain the upper hand in society; and since every class endeavors to utilize its power for the advancement of its own interests, there arises a bitter class war between those who hold the dominating position in society, and those who strive to gain it. *This class struggle, between those who benefit under the existing order and those who suffer, between rulers and oppressed, exploiters and exploited, is found in various forms throughout the course of history, ever since mankind was divided into classes and developed class consciousness.* In this social conflict, the victorious class is invariably that one whose principles and demands are best adapted to the productive forces of the time. That class which has on its side the forces of production and hence the economic power, must sooner or later gain control of the political power as well, with which it effects a social readjustment on the basis of its own class motives and in the interests of the new productive forces.

The great French Revolution and the Revolution of 1848 occurred because the productive forces that had supported the entire social structure of the Middle Ages, with its most important element—the feudal

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system, had now developed into new forms which could not uphold the old order and which caused feudalism to totter and finally crumble into ruin. The class which gave the strongest expression of the new productive forces was the Capitalist Class, the Bourgeoisie. When the new productive forces had sufficiently developed and when their representatives, the capitalists, had, as a class, gained sufficient economic supremacy to become the dominant group in society, the antiquated feudal system was abolished and was superseded by present-day Capitalism. The old laws and institutions were changed or entirely submerged, according to the requirements of capital. The bourgeois class, which, through the development of the forces of production had acquired economic strength, now gained political ascendancy, in conformity with the law of historical necessity.

Every revolution, every social upheaval means that the political power passes wholly or partially into the hands of a new, heretofore oppressed class of social group. Historical materialism shows that political power can pass only to that class which expresses the interests of the productive forces.

What system of society will, according to the principle of historical necessity, displace the present order? What will be the outcome of the great class struggle of our own day? Which class will be the victor? Let us now see how the objective laws of history must inevitably lead to the overthrow of Capitalism and the victory of the Proletariat.

B. The Victory of the Proletariat.

Historical Materialism teaches us that the objective laws of history must bring about the triumph of that class which expresses the interests of the new productive forces. Which is this class?

The forces of production, or the means with which modern society conducts the struggle for its existence, are embodied in the concentration of industry, the present-day large-scale or mass production. Tens and hundreds of thousands of workers are concentrated in gigantic factories, mills, and mines for the production and manufacture of the necessary commodities. The productive process is a centralized, collective affair in which all of society participates. Modern industrial activity is characterized by the wide range of division of labor, and the single product is thus not the result of one man's labor, but of the labor of many. The finished product bears no distinctive mark or characteristic contributed to it by the individual workman; it is the result of the collective effort. The individual workman is unable to recognize in the created product any evidence distinguishing it as the fruit of his own labor, for he is but one cog in the complicated productive mechanism. The qualities of the product are dependent, not so much upon the capacities of the workman as upon the efficiency of the machinery employed.

Following this system of collective production to its logical conclusion, it is clear that the use and consumption of the products should rightfully belong

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to all of society, and that distribution should hence be collective or socialistic. In reality, however, the use and distribution of the products are confined to a few; those products which all should enjoy are appropriated by a small number of individuals. The ownership by the few of the means of life of the many constitutes a fundamental contradiction in society. Individual control and appropriation of the fruits of production are entirely incompatible with the present productive forces, which demand a collective use and distribution of the created products. Private appropriation by individuals, which is founded upon the idea of private property, is the result of *former* productive forces that are now non-existent, having been superseded by the present means or forces of production.

When the material means employed by society in the struggle to maintain itself were individual, and consisted in small-scale industry, entirely based upon individual effort and individual ownership of the tools of labor, distribution was also of necessity *individual*. Individual appropriation was logical, for ownership was based on labor; private property was then a historical necessity. In small-scale industry, the product is not simply a creation of labor; it is the result of the tools and the skill of the individual laborer, and bears upon it the marks of his efforts and workmanship. The productive forces embodied in small-scale industry gave rise to private property and brought about, natu-

rally, individual ownership and distribution of the means of wealth.

With the Industrial Revolution, however, the productive forces underwent a change. Small-scale industry gradually evolved into large-scale industry, and the factory system was brought into being. Large-scale industry, or mass production demands for its development, as we have pointed out, a collectivistic or socialistic method of distribution. That the present-day forces of production are trammled and thwarted in their development by the existing system of society—a system based upon private property and individual distribution of the fruits of production,—is demonstrated quite clearly by the occurrence of *crises*. Crises result from the mal-organization of industry, and are the expression of the contradiction existing between socialized production and individual appropriation. In the disorganized production resulting from capitalist control each producer strives to gain the upper hand by squelching his competitors and gaining greater financial power. As a result, there is confusion and anarchy in production. In many branches of industry there is an over-production, due to the inability of the purchasing power of the masses to keep pace with the increased production in those branches, while other branches of industry are almost wholly neglected. The situation at one time or another becomes aggravated and—a crisis results, with the effect that the productive forces are greatly hampered. The disorganization of the productive forces thus gives rise to surplus pro-

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duction—a malady which has a disastrous reaction upon the productive forces themselves. Crises are merely the symptoms of the disease with which modern society is afflicted; they demonstrate that the forces of production cannot sustain the present system with its customs, laws, and institutions. "The system is choked by its own fatness."

Of the various claims which the different classes of society put forth, only those are suited to the modern productive forces, which demand that production and the means of wealth shall pass from private ownership to public ownership and social control, that distribution shall be, not individual, but collective, that society shall be governed by an organized socialistic order, for the benefit of all its members. These demands are put forth by no class other than the laboring class, and hence the laboring class, or the proletariat, must, according to the law of historical necessity, eventually triumph.

Socialism is inevitable — historical materialism teaches us—not merely because it is fairer, more just or more human than other systems of society, not because the finer and nobler qualities in mankind demand it for its righteousness; Socialism must come because historical necessity, the objective laws of human history, the forces of production are bringing us every day closer and closer to it.

Through Marx's disclosure of the principles of historical materialism,—through his discovery that all social evolution is dependent upon the material forces

of production, Socialism ceased to be a matter of fine phrases, an idealistic dream, a vague Utopia; it became instead a *necessity*, an inevitable outcome of the productive forces. *Socialism was thus given a scientific basis.*

I believe it is not out of place here to consider for a moment the stock question so often put by the modern opponents of social agitation: "If socialism is inevitable,—if historical necessity will, in any case, eventually lead us to socialism, wherefore the need for propaganda and agitation?"

And also:

"It was Marx that taught history as a thing having already been written and sealed, and that the peoples are only pawns in the hands of history, having no will power of their own and are unconsciously forced to fulfill the demands of the productive forces."

Such reproaches are entirely unfounded. No one considers the importance of human intellect more than Marx. No one values more the influences of the will of the human being, of his mental processes and desires, than Marx.

Marx does not consider historical events as mere accidents which may or may not occur, and over which humanity has no control or influence. He regarded events of history as consequences of the desires and the will of human beings. According to this theory it is evident that humanity can guide and determine its destiny. History acts in accordance with certain laws

which Society executes. The merit of Marx consists in his discovery of these laws governing history.

As we have already been able to see, the productive forces do not take on their suitable social form, without human knowledge or perception; for it is evident that no social change can come about without the participation of the social consciousness and hence of the consciousness of the individual members of society. The productive forces can gain victory only because they create a certain kind of environment from which men receive just such sentiments and convictions as are suited to the interests of the productive forces. Every change must first be perceived and comprehended by the minds of men before it can become an actuality. Consciousness must be the medium between the forces of production and the social forms which must suitably express their interests. Consciousness, as well as Will, must be the cause of the new order, just as both are the result of the prevailing productive forces. Consciousness is the connecting link between the environment and all reforms in social life. When we say that this or that form or institution is historically necessary, we do not mean that necessity would have brought it into existence *without* the exercise of the human will and the human consciousness; we mean rather, that according to historical necessity, consciousness must be directed in just a certain channel, and men must *will* and demand just such an order which is suited and adapted to the productive forces. When men's minds are still filled with the impressions

of a past, antiquated environment, their consciousness and will are also reactionary, repressive, effete. Propaganda and education serve to prepare the mind for the reception of the *new* impressions that will come with the new environment and which will crowd out and supersede the old ideas and convictions. Consciousness will awaken and free itself of the old convictions; through the new impressions it will be enabled to comprehend the new order *in its true light*, and to receive a true picture of the reality of the new conditions, as brought about by the real requirements of the productive forces. The stronger and more intensive the propaganda of the theory, the riper will the consciousness become, the more energetically will the new Social Will express itself, and the sooner will the desired changes be brought about. Human consciousness is the basis, the material upon which historical necessity operates. It is evident, that the more receptive and the more fruitful this basis is, the sooner and the better does historical necessity accomplish its purpose. Propaganda and education lay the groundwork, prepare the way so that the objective laws may bring society to the inevitable goal so much sooner and easier and with so much better results. To sit with folded hands and await with complacent confidence the slow, unaided fulfilment of historical necessity means to prolong and delay the progress of the new social forms and institutions.

When we set fire to a piece of wood it burns in accordance with the chemical principle of combustion.

by which the carbon in the wood unites with the oxygen of the atmosphere. This law is a natural necessity, independent of the will of the subject and beyond the power of human control. We, as subjects, do, however, possess the power of creating conditions under which the natural laws may operate to a greater or lesser extent, with greater or lesser force. We can control the supply of air and hence the inflammability of the wood and the conditions of the combustive process. We can allow sufficient air for burning, and thus permit free play to a law which itself is beyond human control. Again, by reducing the supply of air we can stifle the fire, and thus, by restricting the conditions for its operation, we prevent the natural law from producing its natural effects. Propaganda and education do not create the natural necessity for socialism; they simply remove the obstacles, they clear the way, so that the fulfillment of the objective laws of historical necessity may the better be accomplished, and that the coming of the socialist order may be expedited.

Up to this point we have endeavored to present but *one* aspect of scientific socialism, viz., the philosophical aspect. At the beginning of the nineteenth century, the socialist ideal which by its noble human appeal had attracted to it such enlightened thinkers as Robert Owen, Saint-Simon, and Charles Fourier, was something apart from reality; it lacked the tangible basis of fact, for none could see the means or the possibility of its realization. The socialism of that day was

incapable of *proof*; it was attainable only in *belief*. Those who had faith in the ultimate perfection of man, and who believed in the possibility of a millennium, of a Messianic era in which falsity, hypocrisy and other human weaknesses will be overcome and eradicated by eternal truth, a society in which struggle and strife will give way to eternal peace, enmity to love, division to unity,—those who held such lofty idealistic views could easily *believe* and hope that the “insane asylum” (as Robert Owen calls the present order) would be changed to a socialist order. On such a basis, political agitation and true social action were impossible, for Utopian Socialism was not a matter of reason, but a matter of sentiment; it moved the heart, but not the intelligence. The socialist ideal was suspended somewhere up above between the heavens, while on earth social wrong and shameless injustice still prevailed; in the imaginary Utopia the light of social justice glowed brightly, while in real life men were enslaved and exploited under the wretched factory system without the glimmer of a hope of ever being emancipated. Just as all other visionary Utopias and fanciful ideals that forget the present in their enthusiasm about the future, must, if they are to exist, attain to a greater or lesser degree of popularity, so too did the Socialist Ideal have to assume a commonplace, every-day form, to cast off a great many of its former adherents, and finally to be transformed into a new religious idol, which was capable of attracting only short-sighted visionaries and dreamers. The old,

mouldy ruin of faith was now propped up by new supports, under such names as "Equality," "The New World" (such a distorted form did the lofty socialist ideal actually take with the pupils of Saint-Simon).

With his discovery of historical materialism, Karl Marx bridged the gulf that separated the glorious socialistic future from the troublous present, in which the very air is filled with hate, envy, and outrage. Marx showed that socialism *must* come, not because of the good-will of humanity, but because of the objective laws of historical evolution. Socialism is not a heavenly ideal, but a tangible reality. Not through a miracle will men cease to exploit and oppress one another, but through the natural progress of history. Heaven will not send socialism to us, it must come from the earth; it will come, not from *without*, but from *within*, from society itself. Within our present system are already implanted the seeds of the socialistic future. The productive forces of the existing capitalistic society—historical materialism teaches us—are the foundation for the coming socialistic structure. And so the great gap between the present and the future vanishes. The better world of to-morrow is organically bound up with the bankrupt world of to-day.

But this is not all. Marx not only proved that the socialist order must and will come, but he also showed *how* it would come about;—that it *must* be inaugurated through the proletariat, for with the proletariat rests *the power* to change the capitalist regime into a socialist order. The great historical role of transform-

ing present-day society into a new order—Marx teaches us—can be filled only by the proletariat, for the proletariat bears on its shoulders the rest of society. The fate and the fortune of society lies in the hands of the laboring class. In the heart of the proletariat glow the sparks which must sooner or later rise to a flame that will consume and destroy the present capitalist system; and in the sinews of labor rests the power through which the Socialist State will be set up. The other classes of society cannot exist without the laboring class, for they draw their support and their sustenance, not from their own toil, but from the toil of the exploited laboring class. Hence these other classes are contented with the existing system and they do not seek to undermine it, but rather to strengthen and maintain the present state of society. The great economic power that is inherent in the laboring class and with which labor will eventually realize the socialist ideal, was disclosed by Marx in his *Theory of Surplus Value*.

This formed the second part of Marx's great work and to this theory we shall now give our attention in the second half of our study. Through it, Socialism was transformed—as Engels put it—"from a Utopia into a Science."

But in order to understand the significance of the theory of surplus value, we must first consider Theories of Value in general.

CHAPTER V

THE THEORIES OF VALUE

A. General Considerations.

SCIENCE is the strongest weapon in the hard struggle for existence which it is man's lot to wage against nature.

Science inquires into phenomena, reveals the forces of nature, discovers the manner of their interrelation, and ascertains their good and bad aspects with respect to human welfare; science teaches man how to utilize and exploit what is beneficial in nature, and it also teaches him how to war and guard against that which is harmful in nature.

But seldom does science discover new ways in creation. Man's natural instincts prompt him to utilize, blindly and unconsciously, the forces and the phenomena of nature. Science lends its aid only later, only after the particular phenomenon has become a commonplace in man's life. It is only when man has for long been acquainted through use with the phenomenon, that science steps in to clarify and to classify it, and sometimes perhaps to expound its cause.

There are many phenomena in nature to which, by dint of their constant recurrence, we become so habitu-

ated that they assume a character of simplicity and self-evidence which makes us lose sight of everything outside of the actual manifestations and forget to inquire into the whys and the wherefores underlying their occurrence. Yet in such apparently simple phenomena lie hidden secrets and laws which, if we but knew their application, would undoubtedly alleviate life's hard struggle. "Of how much philosophy we must be possessed, to understand the simple things of our daily lives!" exclaims Jean Jacques Rousseau. And how true this is, when we consider the poverty of our knowledge and the weakness of our understanding of the phenomena about us.

A great many of the scientific discoveries and achievements of the last century are founded upon Newton's law of gravitation. And what is gravity, more than a scientific conjecture, an attempt at an explanation of the fact which we observe in our daily lives, that unsupported bodies in air fall to the ground? How much of real truth is there in the popular tradition that the principle of the steam engine was discovered through the boiling of a kettle of water?

There can be no doubt that humanity would suffer infinitely less than it does, if men could but understand the *primum mobile*, the reasons and the principles underlying the ordinary phenomena of their environment.

Yet, however mysterious and problematical are the phenomena that occur in external nature, still less clarified and still less illuminated are the phenomena

of our social life, the phenomena that arise in our relations to one another as social individuals.

There are many phenomena in our social life that are being constantly repeated over and over again, but which gave not a little trouble and perplexity to students, before they were able to arrive at a satisfactory understanding of the meaning and the cause at the basis of those phenomena. Let us take, for example, the value of a commodity. It seems that everyone knows how to appraise or evaluate a common commodity or article of merchandise! Anyone who is a little acquainted with the prevailing conditions of exchange can easily tell how much this or that commodity should cost; or, to take a homely instance, any child can know that a piece of gingerbread will cost one penny, and that a sugar cookie will cost two pennies. But however clear and simple such things may be to the man of the street, they are not at all so simple to the economist, who is not contented with the mere fact or condition, but who racks his brains to ascertain the causes underlying the facts.

Concerning the causes that determine value, there are many widely divergent theories, and we shall endeavor, in our short space, to point out the salient features of the more important of them.

How is the value of commodities determined? At the first glance it would seem that the parties to an exchange of goods, in dealing with a certain commodity, also determine its value.

But this is only on the face of the matter. If we

look a little deeper, we shall find that the parties to an exchange of commodities do *not* control the value of the articles of merchandise that are exchanged. To begin with, the value of a commodity is affected and to a large measure controlled by the conditions of time and place; the same commodity may have a different value at different times and in different places. A locomotive, for instance, is cheaper in America than in Japan. In Japan itself, thirty or forty years ago, a locomotive was dearer than it is to-day. If the value of merchandise is to be dependent only upon the merchants and manufacturers, then how are we to account for the fact that just in America or in England locomotives are cheaper than in Japan or in Turkey? Granted, the American manufacturer procures coal, iron, and other raw materials at less actual cost than the Japanese manufacturer, but the question is, why *does* he get raw materials cheaper than the Japanese manufacturer?

It is obvious, then, that neither the trader nor the manufacturer determine value, but that the value of a commodity is the result of altogether different factors; and further, it is clear that the parties to an exchange of commodities are compelled to govern the conditions of the exchange by the intrinsic value of the commodity itself, which is something beyond the control of its owner.

What makes value? Why do goods exchange one for the other in the proportions that they do?

Political economists hold various opinions and theo-

ries concerning the general nature and the factors involved in value. We may group the more important of the different theories of value into two general classes:

1. *The subjective or utility theories.*

2. *The objective or labor theories.*

Both of these classes of economic theory are coherent and well supported, and both result from a critical analysis and careful research into the economic phenomena of value, exchange, and prices.

What qualities must a commodity possess, in order that it may be sold and may command other commodities in exchange?

In the first place, every commodity or article of merchandise, outside of its physical, chemical, and mechanical properties (with which we are not here concerned), must have *utility*; it must have the power of satisfying a certain definite human need or demand. Shoes, for instance, satisfy the human desire not to go barefoot; clothes satisfy the elemental desire for body covering, and so on. Thus it is with all other necessities of life arising from human wants and desires. Without the property of utility no commodity can have economic value, *i.e.*, it cannot have the power of commanding other commodities in exchange.

In the second place, it is evident that every commodity must involve human labor in some form in its creation. Commodities that lack the element of human labor cannot have value. Free goods, such as fresh air, pure water (when it is in abundance), do not

involve human labor in their production, and therefore cannot be considered as commodities.

These two properties—utility and human labor—are characteristic of every commodity or product that has exchange value and may be transferred for other goods. The utility of a product is a *subjective* property, for it varies in degree with different people. The same commodity may have great utility for one person and little utility for another, depending upon the needs and desires of the subject. For instance, let us consider the utility of clothing. A naked person, you will say, has great need for clothing; clothes, therefore, have for such a person a vastly greater degree of utility than for one who is already sufficiently clothed. So it is with food, shelter, and all other things that are in some way useful in life. On the other hand, the amount of labor involved in a commodity is an *objective* property. It cannot show any material variation with different individuals, for it is contingent upon the general objective conditions governing production.

Hence the value of any commodity must, generally speaking, be determined either by its utility or by the human labor involved in its production.

The *Subjective Theory of Value* maintains that value arises from the subjective property of the commodity to satisfy human needs; the *Objective Theory of Value* maintains that, although a commodity can have no value unless it has utility, the principal factor in the determination of value is not utility, the sub-

jective character of goods, but it is the *objective* property, the human labor and effort that the finished commodity or article of exchange contains.

B. *The Subjective or Utility Theories.*

The first scholar to define and prove the utilitarian or subjective Theory of Value was the French economist Say a pupil of Adam Smith's school.*

Say begins with the self-evident fundamental principle that *every person values more highly that thing which for him has greater utility and places a lesser value upon things which for him possess a lesser degree of usefulness*. Before a person sells his goods in a commercial transaction, asserts Say, he first weighs or estimates the extent or degree of the utility which he does or might derive from the possession of those particular goods, and of which he will be deprived through the transfer of the goods into the possession of another person; and then he weighs, in comparison, the degree or amount of utility which he will be able to derive from the goods which he receives in exchange for his own by the terms of the prospective transaction. When the owner of a house, for instance, sells his property his first thought will be of the loss of his hearth and home, and of the deprivation of his means of shelter; but then, to counterbalance this loss in

* Jean Baptiste Say (1767-1832) was a noted French economist who popularized the theories of Adam Smith in France. His "theory of markets" attracted great attention among political economists. The chief works of Say are: "Treatise on Political Economy" and "Catechism of Political Economy"

source of utility, he also considers and evaluates the uses to which he will be able to put the money that he will receive in exchange for his house. With this money he will perhaps be able to provide a dowry for his marriageable daughter or to finance a business enterprise or to do any other of a thousand things. This subjective psychological moment in which the party to an exchange of goods estimates or gauges the comparative loss and gain in utility which he will incur or acquire through the terms of the transaction,—it is this subjective decision of the psychological moment which, according to Say, determines the value of the goods involved in the transaction.

However, the question immediately arises,—if the economic value of a commodity is to be determined only by its uses, without the influence of other factors, such as labor, how are we then to account for the fact that the “free goods,” such as air, light, and water ordinarily have no economic value, in spite of their great utility? Besides that, our every-day experience shows us that articles which possess higher utility and are able to satisfy more pressing human wants are often of much smaller actual economic value than articles of lower utility, *i.e.*, great utility often goes with low value. Gold is less useful than iron, yet its commercial value is a great deal higher; the practical utility of a pound of bread is infinitely greater than that of a tasteless jewel, incapable of satisfying any elemental human wants, yet the commercial value of the jewel is incomparably greater than the value of

the pound of bread. How can this discrepancy be explained by the utility theory of value? Say goes as far as to qualify his principle by saying that, although the value of an article is determined by its uses, yet an article is never sold below the costs that have been put into it (in other words, the materials and the labor involved in its production). That is, Labor *also* plays some part in the determination of value. But this is a mere comment of Say, which answers the problem lamely, if at all, and which simply begs the question at issue. Aside from the fact that Say falls into a contradiction here, which it is hard for him to avoid, he really passes unconsciously to the other theory, that he so strenuously opposes.

Two later economists who supported the subjective psychological theory, Bruno Hildebrandt and Knies, succeeded in presenting a more satisfactory and plausible answer to the above questions.

We should not confuse—these scholars maintain—the utilitarian value of the commodity as a whole, of the *total existing supply*, with the uses of a definite part or particular amount of the class of goods, that I wish to buy or sell. The utility of *the commodity bread*, or bread in the abstract, is much higher than that of gold or even diamonds. The value of the *total supply* of bread existing in society at any one given time will therefore be much higher than the value of the total supply of diamonds. It must be remembered, however, that I buy *only a limited amount* of bread,

a mere pound of two,—but not the whole supply. The value of one pound of bread cannot, of course, be equivalent to the value of the total supply of the commodity bread, because the total supply of bread has infinitely greater utility than one single pound. The value of one pound of bread is determined according to the utility contained in *one* pound of bread, but not according to the utility of bread in general. The value of one pound of bread obtains to the value of the aggregate existing supply of bread in the same relation as that obtaining between the utility of one pound of bread and the utility of the totality of bread. The greater the total amount of bread, the smaller becomes the actual importance of each single pound and the lesser becomes its utility; as the supply increases, the degree of utility diminishes. The greater the number of parts that make up a whole, the smaller is the significance of each individual part; the greater the size of the company, the less important is the rôle played by the individual member. In order to ascertain the value of one pound of bread, I must divide the value of the total amount of bread by the number of single pounds. It is clear, that the greater the number of single pounds there is, the smaller will be the actual value possessed by each single pound. And for this very reason, in fact, one pound of bread is relatively inexpensive—because there is practically an *unlimited number* of single pounds. The total existing supply of gold, on the other hand, is comparatively small. Every pennyweight occupies an important and

distinctive place in the totality of gold possessed by society. When I divide the total value of the whole supply of gold by the amount of single pennyweights, I find that each pennyweight possesses a relatively large percentage of the value of the whole, a much larger percentage than that, for instance, of the single pound of bread, because the number of single pounds of bread is greatly in excess of that of single pennyweights of gold, and for this reason the economic value of a pennyweight of gold is greater than that of a pound of bread, in spite of that fact that the totality of the commodity bread possesses greater utility than the totality of the article gold. The value of a single article is proportional to *the total supply of such articles*. This principle is elucidated when explained mathematically: The total amount of all the articles belonging to a certain class of commodity, *e.g.*, the total amount of bread, constitutes the value of the commodity as such, *e.g.*, the value of the single portion of bread. If I wish to determine the value of one pound of bread, I must divide the total quantity of bread into single pounds. The total supply of bread is the dividend, and the number of single pounds,—the divisor. The quotation or result that we get from this *division of the value of the total supply by the total amount of bread*, constitutes the value of the single pound. The utility of corn in our society is evaluated, let us say, at ten million dollars. The utility of gold,—at fifty thousand dollars. The total amount of corn, however, reaches 10,000,000 bushels

The value of one bushel of corn is therefore only one dollar. The total supply of gold, let us say, is 25,000 pennyweights. The value of one pennyweight will hence be as much as two dollars. The size of the results that we obtain from such a mathematical division is thus not only dependent upon the dividend or the total supply, but also upon the unit of the division. If the unit of division, or the divisor is greater,—the results are smaller; if the unit of division is smaller,—the results are larger, *i.e.*, the greater the number of single articles making up the total supply, the smaller the value of each individual article, and *vice versa*. The unit of division in gold is much smaller than the unit of division or the divisor of bread, and much smaller than the dividend or the total supply of bread is greater than the supply of gold, and hence the value of each single portion of bread is much smaller than the value of the corresponding unitary quantity of gold.

The above-described theory of value does actually explain more of the phenomena of economic life than is possible through Say's theory. However, it may also be proved to be untenable, for it still leaves many phenomena unexplained. The theory gives us a logical reason why the value of air, light and other such necessities of life is relatively insignificant, by explaining it on the basis of illimitable supply, but it leaves unanswered the problem of why these all-important products *have no economic value at all*. No matter how great the number of single products may

be, so long as the general sum of the thing or its totality possesses a general value (and the supporters of the Utility theories cannot deny that such products do possess a general value in the aggregate), it follows that there must be also a certain definite value, however small, in each unit of the single products. In addition, according to this theory, it would seem that the value of any particular article increases or decreases in exact proportion to the increase or decrease of the total amount of such products. If, for instance, the total supply of bread has been reduced by half, then it follows that the value of a pound of bread should be doubled. It is evident, however, that this is not borne out in fact. If the wheat crop this year were to be half of what it was in the years past, the price of a pound of bread would not merely be doubled, but would undoubtedly be multiplied many times over.

Unable to explain the problems of such economic phenomena, this subjective Utility Theory began gradually to disappear under the scientific influences of the middle of the last century. In the last decades, however, this theory was again revived, but in a more potent form and with a securer foundation. Those who breathed the breath of new life into the already antiquated Utility theories of value were the famous scholars of the Austrian School of Economists,—Menger, Böhm-Bawerk, and Wieser.*

*The two best known works of the Austrian or Psychological School of Economists are: "The Positive Theory of Capital," by Eugen von Böhm-Bawerk; and "Natural Value" by Friedrich von Wieser.

C. The Austrian School.

The economist who revived the crumbling skeleton of the old utility theories and who built it up again with a more substantial covering of skin and bone, was Menger, one of the most prominent representatives of the Austrian School of Political Economy.*

Menger begins his exposition with the following striking illustration: Let us imagine—he says—a wild aboriginal inhabitant of an antediluvian forest, surrounded by hundreds of thousands of trees. The savage, however, needs but ten trees in order to fill all of his wants. This quantity is sufficient to provide him with firewood, with shelter, with implements and with weapons. It is plain that the savage will value all of the trees only in so far as they satisfy his needs. But since he does not need *all* the trees,—for after his wants are satisfied there remains a large surplus of trees that for him have *no* utility,—then each individual tree by itself *will have for him no value at all*, because in such great number, one tree more or less has no effect upon his existence. Even if a conflagration should destroy as much as a thousand trees, the savage would not have the least concern, for he would sustain no loss. The burned trees would, at all events, have brought him no use, so long as there are left the ten trees which are sufficient for his wants.

* Karl Menger is regarded as one of the leading exponents of the doctrines of the Austrian School. His most important work is his “*Grundsätze der Volkswirtschaftslehre*,” which appeared in 1872.

The situation would be entirely different, however, if the forest contained but ten trees, all of which are necessary to fill the needs of the savage inhabitant. Each individual tree would then have a high value for him, and the loss of a single tree would amount to a great calamity, because it would deprive him of the means wherewith to satisfy some of his wants.

Menger gives a further illustration of his theory: Let us imagine a man leading a solitary, secluded existence upon a deserted island. There is on the whole island but one spring that supplies him with water. His daily needs are, let us say, one bucket for himself, for drinking purposes; nineteen buckets to water his cattle; forty buckets for the cleanliness and hygienic needs of his own body; and forty additional buckets for less important uses (*e.g.*, to water a flower garden, which is merely a source of pleasure and really non-essential. These one hundred buckets represent the maximum that the man can utilize. If the spring supplies him daily with more than one hundred buckets, *i.e.*, if there is a surplus above the quantity sufficient for his needs, he will naturally place no value upon each bucket that he uses. If for some reason, however, the spring ceases to yield a surplus and *diminishes* its supply, let us say to ninety buckets, then these ninety buckets *will acquire for him a value*. Which need will be left unsatisfied through this reduction of the supply to ninety buckets? Undoubtedly the less pressing, the less important needs; in this case,

perhaps the need of sustaining a flower garden. Let us suppose now, that it were possible for the island inhabitant to buy ten bucketsful of water,—what would he be willing to give in exchange? Naturally, such a thing as he would be willing to yield for the pleasure of having a flower garden; that is, he would value the purchased water in comparison with the value that he places upon his last needs, those that would otherwise be left unsatisfied. If the spring continues to dry up, and reduces its daily supply to but forty buckets,—what needs will the lone inhabitant then deny himself? It is clear that now he will not only have to dispense with those things that merely bring him pleasure, but also with some that are essential to his health. He will, for instance, no longer be able to bathe daily. The rise in the value of the water will naturally be commensurate with the degree in which the inhabitant values the necessity for bathing above the desirability of having a flower garden. The value of each successive bucket of water now becomes dependent upon a higher need, and *by this higher need, which is the most urgent to be satisfied, but which, through lack of means, is left unsatisfied, is determined the value—in our case—of water.*

The same psychological and subjective valuations and conditions that are brought about in the life of the crude savage, also occur in our own complicated and intricate economic life of to-day.

In our daily lives we must also make distinctions between different classes of needs. First we have the bare necessities of life, those that are indispensable to existence. Other needs are not so fundamental, but are still essential; and still others are simply useful, or merely agreeable. Each of these separate needs is satisfied through a different product, *e.g.*, through bread, through clothing, through wood for a shelter, and through ornaments, gold, jewels, etc. The needs that can be satisfied through the same product are also various and may be classified according to degree; the same product can be utilized to satisfy various needs; elemental or intense necessities, ordinary necessities, needs that are useful, and needs that are agreeable. Water, for instance, can satisfy the elemental necessity for drinking, the less intense but still essential need for bathing, the agreeable need to produce the pleasant aroma of flowers, and water may also be used for purposes, for which there is no need at all.

Let us represent the different categories of needs in a row of numbers: 10, 9, 8, 7, 6, 5, 4, 3, 2, 1, the larger numbers denoting the higher categories, and the smaller numbers the lower categories. The cipher 10 signifies the highest category of needs, the elemental need for nourishment; the cipher 9, the necessity not to go naked; the cipher 8, not to be shelterless; 7, to be clean; 6, to be surrounded by pleasant odors; 5, to wear nice clothes, and so on. If we fit each category of needs with the corresponding product

necessary for its satisfaction, we find that we have a set of various categories of products. The cipher 10 stands for the elemental means of sustenance; 9, clothes; 8, shelter; 7, water; 6, a flower garden, etc.

In a second row of numbers, arranged vertically, we can represent the various needs which each separate category of products is capable of satisfying. Let us take, for example, the category of food:

10
9
8
7
6
5
4
3
2
1
0

Number 10 denotes the need not to die of hunger; 9, not to become sick through hunger; 8, to store up energy for future work; 7, to eat simply because it is agreeable, etc.

Combining the various categories of products, with the categories of needs that can be satisfied through each category of products, we get the following table:

I	II	III	IV	V	VI	VII	VIII	IX	X
10	9	8	7	6	5	4	3	2	1
9	8	7	6	5	4	3	2	1	0
8	7	6	5	4	3	2	1	0	
7	6	5	4	3	2	1	0		
6	5	4	3	2	1	0			
5	4	3	2	1	0				
4	3	2	1	0					
3	2	1	0						
2	1	0							
1	0								
0									

The Roman numerals represent the various categories of products, according to the importance of the needs which they satisfy. The Arabic numbers, running vertically, denote the various categories of needs which can be satisfied through each category of products. The greater the importance of the product to life, the greater is the number of needs that it can satisfy; the lesser the importance of needs that it can, smaller is the number of the categories of needs that it is capable of satisfying. Grain, for instance, can satisfy ten categories of needs: absolutely essential, requisite, useful, agreeable, etc. Clothes can gratify only nine categories of needs; shelter only eight categories; flowers but six categories, and so on. With the help of this table, we can arrive at a clear understanding of how the value of various products is constructed. Let us assume that our supply of grain is

so limited that it hardly suffices to satisfy even the first category of needs which it would, in general, be capable of satisfying. Gold, likewise, which is represented in the table by the row under the Roman numeral IX, does not—in our supposition—suffice for its first category, which, under ordinary conditions it would be able to satisfy. Hence it is clear that grain will be much dearer than gold. The value of grain will be 10, while the value of gold will be only 2; for it is the needs which are left unsatisfied that determine the marginal value. If, however, there is enough grain to satisfy eight categories of needs, down to category 2, and gold does not suffice even for its first category,—then the value of grain and of gold will be equal (2). Again, if there is sufficient grain for nine categories, and the supply of gold remains the same,—then the value of gold will be higher than the value of grain, since grain suffices to gratify category 2 and gold does not. Thus we can see why gold is dearer than grain; gold cannot satisfy its category 2, and hence its value is 2; whereas grain exists in such large quantities that it can satisfy all its categories down through 2, and therefore the value of grain can be only 1,—which is less than that of gold.

Let us suppose now that our store of grain is so large that it not only suffices for all its categories of needs, but there is a surplus even for the category 0; its value, then, will naturally be 0, the same value which the lone island inhabitant put upon every bucket of water that the spring supplied in excess of one

hundred buckets. Herein lies the reason, in fact, why such useful things as sunlight, air and water have no economic value at all: the spontaneous supply of these goods is so great, that after all the various needs have been satisfied, there is still a remainder for a need which has *no* value and which is equivalent to 0; hence the value of these goods is zero. *The value of a commodity is rated and determined, neither in accordance with the first category of needs which, in general, it can satisfy, nor with respect to the average category, but rather according to the last category of needs, which it is not capable of satisfying.* If the remaining unsatisfied category of needs is 5, the value of the product will also be 5. If, after all the possible needs have been satisfied, there is still an *excess* of the product which is unused,—then the whole product can have no value.

The Austrian Theory distinguishes itself from previous theories of value in that it differentiates between the abstract uses that a certain product is *capable of giving in general*, from the concrete uses that the product can give me at the present moment, when I actually buy or sell it. Water, air and sunlight are undoubtedly useful things, but their uses have no concreteness, no substantiality in economic life, because there is always a great deal of air and an abundance of sunshine that is not utilized at all, *i.e.*, the supply is in excess of the desires or wants. Such products, therefore, possess no value in the economic sense.

The concrete uses that can be derived from the

whole class of a commodity as such are various, as we have seen in the instance of water. As the number of products of a certain kind increases, their concrete utility decreases, for they naturally go to satisfy needs of lesser and lesser importance. If the spontaneous supply of any class of good is very great, *e.g.*, the supply of air and sunlight, we reach a limit or margin at which we find that the units of that good cease to have a concrete utility, in spite of the fact that the abstract utility of that class of good is very high; and hence the units of the good, or the single products, will have no economic value.

These teachings of the Austrian School are also known as the "Theory of Marginal Utility," for, according to this view, the value of any commodity, at a given time, is determined by the potential utility that could be derived from the satisfaction of the remaining need, which, because it is below the margin of gratified needs, remains unsatisfied.

This subjective utility theory also gives us a good explanation of market fluctuations,—why prices fall when the supply of commodities is abundant and more than sufficient to satisfy the various needs, and why prices rise when the demand is large. When the conditions of demand show us that the number of products available at a given time is limited, so that the need which is unsatisfied belongs to a higher category, then the value of the products becomes high and the price rises. When the abundance of the supply shows us that the number of products available

is plentiful, and that hence the last unsatisfied need will belong to a lower, less important category, then the value of the products decreases and the price falls.

The Theory of Marginal Utility has had numerous supporters and in recent times especially, many have been willing to subscribe to it. The doctrine formulated by the Austrian School has found adherents not only among the bourgeois scholars,—who seized upon it eagerly as though upon some precious stone, because in general it negates every phase of the significance of labor in the construction of value,—but also among the social-democrats (naturally among the revisionists) did it find a strong camp.

However reasonable and perspicacious this theory may be, it is, however, basically false, and for the following further reasons: First, we cannot understand how, according to this view, the price would be determined of such things which do not directly satisfy any needs, but which serve as a *means* for the creation of products that are capable of satisfying definite needs; such things, for instance, as machinery, tools, or instruments. Things of this nature—says Böhm-Bawerk—are evaluated with respect to the products which are created through them. But when I buy a machine, how can I possibly know how many products will be on the market and how great will be the extent of their marginal utility, if the marginal utility is to be dependent upon the conditions of supply and demand? It is obvious that the value of the machine must be determined at the time of its purchase, and

that we cannot prophesy with any degree of accuracy concerning the future conditions of supply and demand in the particular commodity which the machine is instrumental in producing. In the second place, this theory maintains that "the value of one product is greater than the value of another, because the marginal utility of the first product is of a higher or more important category than the marginal utility of the second product." The value of a coat, for example, is thus much higher than the value of a pair of shoes,—although the absolute utility of the former is not greater than that of the latter,—because the marginal utility of a coat belongs to a higher category; and the coat is of a higher category because the market supply of coats is less than that of shoes. But—the question arises—why should there, after all, be more shoes than coats? Why,—if not because the conditions of production are such that it is easier to manufacture a pair of shoes for the reason that there is less actual labor involved than in the manufacture of a coat? But these economists take no account of conditions of production. They propose to explain everything by the subjective or psychological impressions uppermost in the minds of the buyer and seller, and thus they bring their theory to scientific bankruptcy.

Much sounder and nearer to the truth is the view which holds that the value of a product is the result of an objective property—the human labor involved in its creation. This is the theory which we shall now take up for consideration.

CHAPTER VI

THE OBJECTIVE OR LABOR THEORIES OF VALUE

A. The Theories of Adam Smith and David Ricardo.
THE first economist who maintained that the value of a commodity is determined, not by its capacity to satisfy a certain need or want, but rather by the *quantity of labor* that it contains, was Adam Smith.

Adam Smith bases his theory upon the established, every-day truth that *every person, at all times and places, holds dear that which it is difficult for him to acquire, and considers less valuable that which he can easily acquire.* "If among a nation of hunters," Adam Smith explains, "it usually costs twice the labor to kill a beaver which it does to kill a deer, one beaver should naturally exchange for, or be worth, two deer. It is natural that what is usually the produce of two days' or two hours' labor should be worth double of what is usually the produce of one day's or one hour's labor." * He says further: "Every man is rich or poor according to the quantity of that labor which he can command, or which he can afford to purchase."

*See Adam Smith, "*Wealth of Nations*," Book I, Chapter 6.

It is, however, somewhat difficult to understand from Smith's theory exactly what he meant by labor as the determining factor in value: whether the labor which is expended in the creation of the product, or the quantity of the labor which can be secured through the product. His writings seem to indicate that he is more inclined to the latter view. "The value of any commodity," says Smith, "to the person who possesses it, and who means not to use or consume it himself, but to exchange it for other commodities, is equal to the quantity of labor which it enables him to purchase or to command." ** "What everything is really worth to the man who has acquired it, and who wants to dispose of it or exchange it for something else, is the toil and trouble which it can save to himself, and which it can impose upon other people. . . . It was not by gold or by silver, but by labor, that all the wealth of the world was originally purchased; and its value, to those who possess it, and who want to exchange it for new productions, is precisely equal to the quantity of labor which it can enable them to purchase."

To Smith, therefore, the quantity of labor, by which value is determined, bears a purely subjective character. His theory takes into account, not the labor which is given to the creation of the product, but the labor which the finished product enables its owner to save to himself and to command or purchase of others. Smith tries to attribute to value a certain

** *Ibid.*, Book I, Ch. 5.

objective coloring, but when he maintains that value is estimated according to the quantity of labor that the particular product can save to its owner, he makes the determining factor in value a distinctly subjective one. He implies that one product has a greater or lesser value than another, in so far as the first can command or purchase a larger or smaller quantity of labor than the second.

The famous economist, David Ricardo,* who saw the fallacies in Smith's doctrine, formulated the more demonstrable principle that *the value of a particular commodity or the value of other commodities that it can command in exchange is fixed by the quantity of labor involved in the cost of production of that commodity, and not by the quantity of labor that the product can secure to its owner*. The fact that one product can be exchanged for another means that the costs of labor in the *production* of both, are equal or approximately so.

Ricardo expounds his theory somewhat after this fashion: If a coat, for instance, that involves a hundred hours of labor in its production, were to be exchangeable for a pair of shoes that can be made by fifty hours of labor, then it would turn out that the value of the tailor's labor is just half the value of the shoemaker's labor. Hence the tailor would obviously

* David Ricardo, an English political economist (1772-1823). Ricardo stands next to Adam Smith in the British Free-Trade School and is known as the first theorist of the factory system. His writings have exerted an important influence on all theories of political science.

have to work twice as much as the shoemaker to make a living. The effect of this discrepancy would be that all the tailors would teach their children the shoemaker's trade, since we live in a society that permits everyone to freely choose his occupation. The ultimate consequence would be that our society would in time come to have a great many shoemakers and very few tailors. Such a state of disproportion would, however, very soon result in the increase of the importance of tailoring, while shoemakers' work, being overabundant, would rapidly decline in worth. This free competition of labor which allows everyone to select his occupation at will, naturally and spontaneously gives rise to the law that, all other conditions being equal, any definite quantity of labor in one occupation has the same value as an equal quantity of labor in a different occupation; and it is for this very reason that there is ordinarily a sufficient number of laborers engaged in the various occupations, and that a comparative state of equilibrium exists in the different branches of industry.*

The fundamental difference between Smith and Ricardo in their proof of the labor theory of value, is evident. Smith proves the objective law of value *subjectively*, psychologically. He bases his theory upon the psychological tendency of men to value highly that which it is difficult for them to acquire and to consider less valuable that which they can easily acquire. Ricardo proves his theory *objectively*. It is

*See Ricardo, *Political Economy*, Chapter I, ff.

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in accordance with the objective conditions of our society, because of the Law of Free Competition—says Ricardo—that equal quantities of labor must have equal value, and not because of the feelings or thoughts of isolated individuals.

Ricardo was the first economist to point out that the conditions which determine value are not accidental, subjective, unstable, but that they are purely objective, lasting, permanent, and that they lie at the very basis of our social structure—in free competition, but not in our “ego.”

Is every commodity paid for according to its value?
No!

The value of a commodity is not necessarily the same as that which I receive when I sell or exchange the commodity.

Value is not the same as price.

The price of a commodity is the amount of goods, or, in our present society, the money, which is actually paid for it.

Value is determined in production, while price is fixed in the market. If our society were so organized that of every kind of product there could be created or manufactured just exactly sufficient amounts for the general needs,—and no more—then there would be no discrepancy between value and price,—they would always be equal. Ten hours' labor of one kind would then actually be interchangeable for ten hours' labor of another sort. Our economic life is, however, unorganized. Production is haphazard, independent,

and in consequence, in the instance of many products there is sometimes overproduction and at other times underproduction.

In the first case, the supply—the competition between the sellers—is greater, and the demand—the competition between the buyers—is smaller. The result of overproduction is that the product falls in price and is sold below its normal value.

In the second case, the opposite is true. When there is underproduction, the demand is greater than the supply and the product is sold for a price above its normal value. Price is therefore never exactly the same as value, for price is contingent upon the condition of the market, governed by the balance between the supply of available goods and the demand for them.

John Stuart Mill very aptly compared the relation of price to value with that of the waves of the sea to the natural water level. Sometimes the waves rise high above the sea-level, and sometimes they sink below it.

A specific example will clarify the principle. Let us suppose that one dollar contains one hour's labor. If I possess a commodity,—a hat, for instance, that involves ten hours of work in its manufacture, then the value of my hat will be ten dollars. The person who made the hat, however, was perhaps not sufficiently well acquainted with the condition of the market in hats, and so he placed on sale more hats than were actually needed. Competition arose between

him and other hat makers, and, in consequence, the hat makers were forced to reduce the prices on their goods. They had to sell me a hat containing ten hours' labor for nine dollars,—one dollar less than its actual value.

But what will the effect of this be? When the hat makers find that hats are selling below their value, they will decrease their output. The next season they will supply less goods to the market. Their output will be insufficient to satisfy the need, *i.e.*, the demand for hats will exceed the available supply. Now there will be competition, not among the merchants, but among the buyers, the consumers. The result will be that hats will rise in price. I shall have to pay for a hat, not ten dollars (its actual value), but something more than that sum, or *approximately* eleven dollars, which is one dollar in excess of the normal value.

The price of a hat may therefore vary in different seasons; sometimes it may be below the value and other times in excess of it. However, if we add the prices of hats in the different seasons and compare this total with the sum of the values of hats in the different seasons, we find that the total of values is equal to the total of prices. Thus, in our example, the sum of the prices of a hat in the two different seasons would be twenty dollars (nine dollars plus eleven dollars) and the sum of the values of a hat in both seasons would also be twenty dollars (ten dollars plus ten dollars).

According to Ricardo's theory, the principle of the

determination of value by the labor involved in production would not apply, if every person were not free to choose whatever occupation he wishes. If, for instance, tailors are prevented from teaching their children the shoemaker's trade, either because it is forbidden by law to change from one occupation to another (which actually was the condition in mediæval times, when industries were organized into guilds), or whether because shoemaking happens to require extraordinary abilities that are not possessed by the average person, then—following the Ricardian theory—the labor scale in shoemaking can really command a higher value than the labor scale in tailoring, and, in consequence, price will not be regulated by free competition, since shoemaking, not being an occupation in which anyone can freely engage, is excluded from the operation of the law of Free Competition. Ricardo's theory thus offers a good explanation of the fact that the value and price of certain rarities, *e.g.*, the paintings of a great master, are not determined by the quantity of labor that is embodied in them, for rarities do not come under free competition. The same is true of goods that are under a monopoly,—their value and price are not regulated according to the labor of their production, because they are shut out from the field of free competition.

In our society, however, there are undoubtedly a great many kinds of commodities that are not at all influenced by free competition and which, according to Ricardo, cannot therefore be evaluated by the

standard that determines the value of all other commodities.

How, then, are the value and the price of such commodities determined? We have seen that masterpieces of art, goods controlled by a monopoly, discoveries of scientists, etc., are not evaluated according to the labor in their production. But how actually is the value of such things determined? By what standard do we measure their value and price? Upon whom, or upon what conditions are their value and price dependent? Ricardo proposes no answer to these questions. The solution to these problems we find in the theory of that eminent scholar, Karl Marx, who developed the Labor Theory of Value with rare acuteness and who, by his great contribution, elevated that theory to its proper place as one of the most vital factors in the progress of human thought.

B. The Marxian Theory of Value.

Marx agrees with Ricardo that the value of goods is determined according to the quantity of labor given to their production. Marx, however, besides postulating an entirely different proof of the Labor Theory of Value than that set forth by Ricardo, presents the whole subject to us with such clarity, that with his theory of value we are enabled to explain all of the various market phenomena.

To give an accurate demonstration of his doctrine, Marx takes as an example such a system of society in which money is not the medium of exchange for

commodities; a social order in which goods are directly bartered one for the other, without the use of any medium such as money.

A weaver, for instance, has woven twenty yards of linen which he does not need for his own use. A tailor, similarly, has made a coat for which he has no immediate use. When the weaver and the tailor meet, they agree to exchange their products, because prevailing opinion holds that the cost of twenty yards of linen is equal to the cost of a coat. The weaver continues to ply his trade. He produces further quantities of linen which he exchanges for various articles of furniture and many other things that he needs. He barterers twenty yards of linen, let us say, for a bed; twenty more yards for a table; another twenty yards he exchanges for a month's shelter; twenty additional yards for forty loaves of bread, etc. In the case of each exchange in which the weaver participates, the value of the bartered commodities is equal. Twenty yards of linen has the same value as a coat, or a bed, a table, a month's shelter, or forty loaves of bread.

Arranging this in tabular form, we can draw up the following list:

20 yards of linen are equal to	1 coat
20 " " " " " "	1 bed
20 " " " " " "	1 dwelling for a month
20 " " " " " "	40 loaves of bread

The tabulated commodities are things that are needed for diversified usage; they gratify, not the

same requirements, but needs of *various* sorts. Bread satisfies hunger; linen and a coat are used for clothes; a bed and a table are articles of furniture. Each of the commodities mentioned is utilized for a different purpose. The commodities have different *values in use*. The utilitarian value of the various items differs, just as the raw material from which they were made is different. Linen is woven from thread, a table is made of wood, a dwelling is constructed from bricks, wood and iron, and so on.

It is this very dissimilarity in the utilitarian value of different commodities that leads to trade and exchange. If the values in use were all the same, interchange of economic goods would be impossible, for it is obvious that no one would want to exchange linen for linen, a bed for a bed, etc. It is possible to exchange one commodity for another only when the commodities are inherently *unlike*, such that they satisfy different needs and hence have different values in use.

The question now arises,—since the exchanged commodities must be inherently dissimilar, then how can they really be equivalent to one another? In the above list, for instance, we have made twenty yards of linen equal to one coat. Everyone who is at least somewhat acquainted with the elements of mathematics knows that only such things can be equal that have equal properties. It seems ridiculous to say that certain numbers are equal to furniture, that an article of furniture is equal to an article of clothing, and so on. When we do make twenty yards of linen equal to a

coat, these commodities must obviously possess some common property, some basis of equality,—for otherwise they could not possibly be considered equivalent. What is this common property, this element of similarity that is possessed by the various commodities? We cannot say that the common characteristic of commodities consists in their utility, or their natural aspect, or their values in use, because the utilitarian properties of each commodity are necessarily different. And once we eliminate utility as the standard, we must admit that commodities possess no universal characteristic or basis of generic similarity other than their social aspect,—the quantity of labor that they involve. The all-important and the only standard that determines the exchange value of commodities is *human toil*, labor power. All of the above-mentioned artisans toiled in the creation of their commodities; the tailor, as well as the weaver, expended energy in giving forth the products of his workmanship. *The Labor Power, the human energy that is involved in the production of each individual commodity is the common characteristic of all commodities that may be called economic goods, and it is because of this common characteristic that commodities belong in the same general class and are exchangeable one for the other.*

The character of the labor that is expended in weaving is, of course, quite different from the character of the labor given to the sewing of a coat or the building of a house. The production of different kinds of

commodities requires the use of different muscles and different nerves. A tailor, for example, uses his hands chiefly, a weaver uses his feet more, and a teacher uses his head and his heart. In exchange, however, it is labor power in general, human energy, that is taken into consideration, regardless of the particular muscles or nerves that are involved in the application of the labor. When we make twenty yards of linen equal to one coat, we mean to say that twenty yards of linen contain as much human labor in general as is contained in one coat.

We are now able to see clearly the important difference between Ricardo's and Marx's version of the Labor Theory of Value. Whereas Ricardo's explanation includes only such goods as can be produced under conditions of free competition, Marx's explanation takes in all commodities, even those that are under a certain monopoly or are very rare. Marx shows that the very fact that one product is exchanged for another indicates that the product is evaluated according to the quantity of labor that it embodies. Every transaction involving an exchange of goods or a barter of commodities is a comparison of products; and only those things are comparable that possess something in common. This common characteristic is nothing else but labor power.

The amount of labor embodied in each commodity is measured according to the time consumed, *i.e.*, the hours or days of labor that the production of the commodity *should* ordinarily and reasonably take.

Twenty yards of linen are exchanged for one coat because the labor given to the production of twenty yards of linen should take as long as the labor of producing a coat.

We say expressly, *should take*, for the reason that no consideration is given to the actual time that the creation of a product consumes in the case of each individual workman. If the weaving of twenty yards of linen should take the average workman with ordinary ability ten hours, and the sewing of a coat also ten hours, then twenty yards of linen and the finished coat will have an equal value.

If the weaver, for example, happens to be an exceptionally skillful workman in his trade and weaves the twenty yards of linen in five hours, he will still receive the coat in exchange, in spite of the fact that the coat contains ten hours' labor and the linen only five hours. The standard of measurement is the amount of time that the production of the finished commodity *should* take the average workman, and not the amount of time that it happens to take an exceptional workman whose skill is above the average. The same principle holds true, likewise, in the contrary state of affairs. If the weaver chances to be a lazy or an unskilled workman, or if he lacks the proper implements to work with, and the weaving of the twenty yards of linen takes him, in consequence, twenty hours, he cannot nevertheless demand two coats for his product, because no account is taken of the time that *he* spent in its creation, but of *the*

time that it should ordinarily and reasonably take an average workman of average skill using customary methods of labor and the ordinary degree of intensity.

By what standard is the labor time measured? The unit of measurement of labor time is derived from ordinary, simple work that requires no practice. Those classes of labor that demand preparation or practice as a prerequisite are called "Qualified Labor" and are sometimes evaluated higher than simple labor.

If a trained mechanic, for example, works but six hours, he will receive for his labor a remuneration equivalent to eighteen or more hours of ordinary labor, for the reason that the mechanic spent a great deal of time in learning his trade, during which time he not only earned nothing, but even had to pay for his preparation. It is also for this very reason that a physician receives for his services on one visit to a patient approximately as much as an ordinary unskilled laborer earns in a whole day. Before the physician is able to treat the sick, he must spend from fourteen to sixteen years in preparation, a period during which his earning power is zero. He must therefore see to it that after he has already begun the practice of his profession he shall earn also sufficient to recompense him for the time of his preparation. In each hour of the physician's practice are included several hours of the time that he consumed in acquiring his profession, and hence one hour of qualified physician's work is equivalent to about ten hours of labor of an ordinary kind.

The Marxian Theory of Value unquestionably elucidates many of the phenomena in our economic life.

As we have seen, Marx continually stresses *socially necessary* labor. The value of a thing is not the quantity of labor that the individual actually expends in its production, but rather the average quantity of labor that *should* be given to it by the average workman under ordinary industrial conditions.

Applying these considerations to concrete circumstances, how would we regard a case such as the following: A workman produces a common commodity, let us say a hat, and in producing it he expended the usual amount of time and energy. The particular kind of hat that he has made, has, however, already passed out of the mode and is therefore no longer desired. Will the hat be able to command the ordinary price? Certainly not. For it is not sufficient to take into account the conditions of production; we must also reckon with the conditions of demand, of consumption. It is not sufficient that a product be created through social labor,—the labor must be *essential*. Just as no sane person will give anything for the labor of pouring water through a sieve,—since this can bring no earthly use,—so also will no return be given for labor applied to a product for which there is no need.

Let us consider another situation: A certain society needs just 1000 suits of clothes. Through some error, however, there was manufactured a surplus of 100 suits of clothes. In the sewing of the suits the average

amount of labor was expended. How much will be given for the clothes? The price they can command must assuredly be ten per cent below their actual value, because the market surplus of ten per cent above the amount actually required produces conditions of competition. The supply is ten per cent greater than it should be, and the price the goods can command is necessarily ten per cent lower. This is most conclusive evidence that in reality the factors taken into consideration in the determination of value are not merely those of average labor time, but also the conditions of need and demand. A given kind of labor possesses a greater or lesser amount of social utility, depending upon the extent and the degree of the need or demand for that particular labor. The social utility of the labor in a commodity is determined, not only in production, but also on the market. A product may be manufactured with the average labor energy customary in the production of articles of that sort, and when put on the market may nevertheless be evaluated below the labor time it involves, because it may be found—as often actually happens—that in the *aggregate number* of such commodities available at a given time there was expended more labor than is really required by society. If society needs but 1000 suits of clothes, and if according to existing industrial conditions the production of each suit requires ten hours of social labor, then the total quantity of labor requisite for the aggregate number of suits of clothes will be 10,000 hours. This amount

of hours represents the maximum of social utility in that particular kind of labor. If, at some later time, there are produced 1100 suits of clothes, involving 11,000 hours of labor—even in accordance with the conditions of production—yet when the suits are put upon the market the aggregate number of 1100 will command only 10,000 hours and not 11,000 (the amount of hours expended in their production), because there is a surplus of 100 suits involving 1000 hours in excess of the amount called for by society at that given time. The value of each individual commodity by and for itself is, in fact, determined by the conditions of production, but the value of a commodity, as part of an aggregate number of like commodities that have been produced, is determined on the market. *The market value of every commodity will be its price*, and the price is the expression of the relation between the conditions of supply and demand.

The whole process can be delineated somewhat after this manner: Society needs certain commodities, *e.g.*, 1000 suits of clothes. It is then calculated (in theory, of course) what quantity of socially useful labor will, under prevailing conditions of production, be necessary for the manufacture of the 1000 suits. If the socially useful labor for making one suit of clothes under the existing state of industry takes ten hours, society than allots (again in theory) for the production of the 1000 suits of clothes the amount of 10,000 hours of social labor. This quantity of social labor

is allowed to be expended, no more and no less. If it turns out that exactly 1000 suits of clothes are produced, each suit will command ten hours on the market and thus the market value will be identical with the value in production. If 1100 suits of clothes are produced, then the market value of each suit will fall approximately ten per cent, since on the market the entire 1100 suits will be exchangeable for but 10,000 hours of labor—the amount of labor time that was allotted for the production of these particular goods. If, on the other hand, it so happens that 900 suits of clothes are produced, the market value on each suit will be ten per cent higher than the value in production, because on the market the same 10,000 hours will be given, as was assigned, regardless of the fact that the total amount of suits produced in fulfilment of the social requirement is but 900.

Let us now represent this same process as it affects, not merely a single need, but the various kinds of needs whose fulfillment is called for by social demand. For example: Society has in its possession at a given time, let us say, a definite amount of 1,000,000 hours of labor power; it has at the same time various social needs,—for footwear, clothing, dwellings, fuel, education, and such luxuries as artistic paintings. To each category of needs is allotted a certain definite quantity of labor time, in accordance with the conditions of production. Society needs 1000 pairs of shoes. To each single pair of shoes should be given an average amount of six hours of labor power. Society therefore

assigns from the amount of labor power in its possession a total of 6000 hours of labor for the manufacture of the requisite quantity of shoes. With us, however, production is unorganized and hence there enters the element of uncertainty. Each manufacturer operates independently of the rest and it therefore happens, let us say, that instead of 1000 pairs of shoes, 1200 pairs have been produced. In making each pair of shoes there has been consumed, according to the conditions of production, the amount of six hours of labor time. Society as a whole cannot, however, expend on the total quantity of shoes more than 6000 hours, and in consequence the shoes are sold below the value that they have earned in production. The 6000 hours of labor that society has allotted for shoe-production are divided by 1200 (the number of pairs actually produced). This division will make five hours for each pair of shoes and *just so much will be the price*, notwithstanding that the value in production of each pair is six hours. It can also happen—to make a further supposition—that instead of 1000 pairs of shoes there have been produced only 800 pairs. The result is, a dearth of shoes. The price of each pair will now be 7.5 hours ($6000 \div 800 = 7.5$), i.e., the market value will exceed the actual value in production by 1.5 hours. We say, therefore, that *price is determined in the market, according to the conditions of demand and supply*, for it is only first in the market that we can know whether there has been produced the requisite quantity of products or greater or lesser

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quantities. The inherent value (the value in production) of the article is, however, determined earlier, according to the conditions of production, without any regard to the relativity of supply and demand.

Let us assume now that for works of art society has allotted 25,000 hours of labor. This amount of labor time is later divided by the number of paintings, let us say, that have been produced. If it is found that there are only five paintings on the market, then the price (the market value) of each painting will be 5000 hours ($25,000 \div 5 = 5000$), in spite of the fact that the individual artist may have given a much smaller amount of time to the creation of the paintings.

The advantage of this theory consists in that it enables us to adequately explain all economic phenomena—even the phenomenon of price—by one principle, viz., socially useful labor. According to this theory, price is also determined by the social utility of labor; *not by the amount of social labor time that each product should require according to the conditions of production, but rather by the aggregate quantity of social labor that society allots to all the products of that kind, divided by the number of products that are actually produced.* It follows from this that the price of rarities, of articles under a monopoly, and of all other commodities excluded from the influence of competition cannot also be disproportionately raised, for it cannot exceed the bounds that have been set by society in assigning definite quantities of labor to the various classes of products. Goods under a monop-

oly as well as rarities are also, according to the above theory, liable to certain objective laws in the determination of their price, and are not dependent upon the caprice of the buyer or seller, as Ricardo's theory leads us to conclude. In our illustration, for example, the artist can receive for his painting a maximum of 5000 hours of labor,—no more than was originally allotted.

CHAPTER VII

THE DOCTRINE OF SURPLUS VALUE AND PROFIT

A. Labor the Source of Profit.

IN the preceding chapters we have demonstrated that the value of every commodity is the amount of social labor time that should be expended in its production.

The fact that I am able to exchange one product for another is an indication that both products should involve an equal amount of social labor. When a tailor, for example, exchanges a garment, the sewing of which should ordinarily take ten hours, for a pair of shoes, it is sufficiently evident that the production of the shoes should also take ten hours, because no one would be willing to exchange goods containing ten hours of labor for goods containing but nine hours' labor, just as no one would ordinarily be willing to give a dollar for ninety cents. On the other hand, it is likewise evident that under ordinary circumstances no one would receive eleven hours of labor in exchange for ten hours, just as it is highly unlikely that one would receive a dollar and ten cents for a dollar.

The essential character of the exchange will not alter, even if the labor time should be evaluated in

terms of money and money be accepted as the medium of trade between the shoemaker and the tailor. If the acquisition of one dollar, for instance, should require approximately one hour of social labor, then the tailor should receive for his garment, which contains ten hours of labor, ten times one dollar or ten dollars. Likewise the shoemaker.

However, the question is now raised: If every commodity is sold strictly according to its value, whence does the profit come? How is it in any case possible to profit by a commercial transaction, if in the buying and selling of goods each commodity is evaluated with respect to the quantity of labor it contains?

A concrete illustration will perhaps indicate to us more clearly the significance of this problem and what it involves.

Let us take as our example a factory, for the making of bricks. To manufacture bricks the following things are necessary: clay, implements, fuel (wood), and labor power. The obtaining of clay for 1000 bricks involves—let us assume—twenty hours of social labor, and if an hour of labor is to be evaluated at one dollar, the cost of the clay will be twenty times one, or twenty dollars; the wood required in the making of 1000 bricks involves, let us say, thirty hours of labor, and will hence cost thirty dollars; the necessary implements contain thirty-five hours of labor, and cost thirty-five dollars. In addition to these things, labor power is also essential. Assuming that there are three laborers working and that the manufacture

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of the 1000 bricks requires thirty hours of labor power, then each laborer, working ten hours, will receive,—according to our account,—ten times one dollar or ten dollars, and the total labor cost involved will therefore be thirty dollars.

To sum up the expenses of producing 1000 bricks:

Clay	involves 20 hours of labor and costs \$20	
Wood	“ 30 “ “ “ “ “ 30	
Implements..	“ 35 “ “ “ “ “ 35	
Labor Power.	“ 30 “ “ “ “ “ 30	
<hr/>		<hr/>
Totals	115 hours	\$115

After the workmen have toiled for thirty hours with their implements at heating the brick oven and kneading the clay, the finished product (the 1000 bricks) is ready. The manufacturer, however, does not need the bricks for his own use, and so he has some of his employees take the bricks to the market to be sold. The transportation of the bricks involves thirty-five hours of labor. Hence there is added to the expenses of preparing the bricks for sale, the sum of \$35, bringing the total cost up to \$150. In the market the men chance upon a customer for the bricks, but the purchaser does not need the whole supply. He needs but 100 bricks,—a tenth of the amount that has been brought to the market. The customer wants to trade some other goods for the bricks, but since he has not those goods with him, he pays for the bricks

in currency. The brick manufacturer, naturally, seeks to profit in the sale of his products, and so his employees, following his instructions, set the price of 100 bricks at \$20, reckoning twenty cents for each brick. But according to our calculation of the exact costs of the bricks, the buyer—assuming that he is aware of this—will reject this offer with ridicule. First he reckons up the labor time that should have been expended in the making of the 1000 bricks. "Since the amount of labor given to the production of the entire 1000 bricks is 150 hours," the buyer computes, "then 100 bricks contain fifteen hours of labor time. The value of 100 bricks is, therefore, just fifteen hours, and so I must simply give in exchange for these goods something that has a like value of fifteen hours of social labor. Knowing that one hour of labor time is equivalent to one dollar, therefore fifteen hours are equivalent to \$15; the value of 100 bricks is hence \$15; just so much will I give for them and no more."

Taking our theory literally, these protestations on the part of the buyer are quite justified. We cannot demand of him that he overpay the brick manufacturer by giving \$20 for 100 bricks, when their actual value is no more than \$15—fifteen hours of social labor. Now if the manufacturer should have ten such buyers, it is evident that he will not make even a fraction of a penny profit. Each buyer will calculate the value of the bricks and will pay for them strictly according to this reckoning. For the entire 1000

bricks the manufacturer will receive \$150—and not a penny above that. If the manufacturer himself has perchance labored a little in the production of the bricks, then he too will be paid for his efforts merely at the rate of one dollar per hour of labor; but how much does the average employer, the “captain of industry,” actually labor? The modern capitalist who, by his ownership of the means of wealth controls the labor and the lives of the workers, considers himself above common toil and would shrink from the thought of putting a finger to the wheels of machinery in his industrial plant, lest he thereby soil his hands and his dignity.

But this brings us back again to our previous question: *How is profit possible?* Whence come these fabulous harvests of profit from industry, reaped every year by the capitalists and amounting to hundreds of millions of dollars?

At first thought, it would seem that the capital invested in industry has the power to create new values and so ensure a profitable return to the capitalist. However, a more careful consideration of the problem will show the superficiality of this common impression and its basic falsity.

To illustrate: Jones the merchant buys of Smith \$100 worth of tea and later sells the tea to Brown for \$110—at a profit of \$10. Jones originally had for the buying of the tea \$100 in money; Smith had \$100 worth of tea, and Brown had \$110 in money; the total values in money and goods possessed by all three was

thus \$310. After Jones buys the tea of Smith and resells it to Brown, a redistribution of money and goods takes place. Smith, in place of \$100 worth of tea, now has \$100 in money; Brown, instead of \$110, now has the tea; Jones, instead of \$100, has \$110. The total of values is now, after the transaction, neither greater nor smaller than it was before the transaction. Before the transaction, Jones and Smith and Brown together possessed values amounting to \$310 (\$210 in money and \$100 worth of tea); and after the transaction the total is still the same. The sums of money and the goods simply changed hands, but the aggregate of values remains the same. Before the interchange the \$110 belonged to Brown and now, after the transaction, it belongs to Jones; the tea, likewise, formerly belonged to Smith, and now is in the hands of Brown. It is ridiculous to suggest that the tea, while in Jones's possession, acquired a higher value. It is, however, possible that while it was still in the hands of Smith the tea was really worth \$110, and that Jones, being a clever merchant, has succeeded by some artifice in buying the goods at the cheap price of \$100; but that in reselling the tea to Brown, Jones received the full value of the goods,—\$110. If such be the case, it follows that before the transaction all three together—Jones, Smith and Brown—possessed the value of \$320: Smith, \$110 worth of tea, Jones, \$100 in money, and Brown, \$110 in money; and that after the transaction the aggregate of values was still \$320: Jones, \$110 in money, Brown, \$110

worth of tea, and Smith, \$100 in money. In either case—whether the total of values was \$310 or \$320,—it is clear that the goods acquired no new values in the process of the transaction. The only profit possible was—in the first case, if Brown was fooled, or if, in the second case, it was Smith who made the bad bargain.

Under exceptional circumstances it may perhaps happen that an individual is able to drive a good bargain, by buying a treasure for a song or by cheating some other individual into paying more for an article than its actual value. Now and then one may be able to buy a commodity containing 100 hours of labor for 50 hours. But such cases are out of the ordinary and are possible only when by some miracle either the buyer or the seller is ignorant of the full value of his goods. Such instances are relatively rare, and it seems, in general, rather too much to say that the economic life of society is controlled by miracles or by cheating.

In effect, moreover, this is entirely impossible, for according to this idea it would follow that every person must necessarily gain at the expense of someone else, that A's gain is B's loss. This plainly, is not borne out in actuality. Wealth increases year by year, but no one really loses in this general increase.

Our problem, then, is a difficult one: If we say that the value of goods is the amount of labor time they embody, where does the profit come from?

The profit comes from the Surplus-Value, answers Marx.

The doctrine of Surplus Value is one of the most

vital of Marx's discoveries. In the theory of value Marx had, as we have seen, a number of forerunners, but the Doctrine of Surplus Value owes its origin and its formulation to the great founder of scientific socialism. And the doctrine of surplus value is beyond a doubt a discovery of inestimable importance. It throws an entirely new light upon the complicated and distorted phenomena of economic life and it is therefore put by Engels upon the same level with the doctrine of historical materialism.

In expounding his doctrine of Surplus Value, Marx begins with a detailed analysis of economic goods or commodities,—the merchandise of commerce.

An economic good—as we have pointed out above—must have two primary properties, a natural and a social aspect. The natural aspect is the property of the commodity to gratify some human need; the social aspect is the amount of social labor that it should embody. The social aspect can never be present without the natural aspect. If a person produces a thing of absolutely no utility, his labor will have no social value. Social labor must have some concrete thing in which it can be embodied; this tangible thing must, through the application of labor, become a useful thing. Without such a concrete utilitarian aspect, it is impossible to conceive of the social aspect of a product just as it is contrary to reason to conceive of a soul without a corresponding body. The quantity of labor it contains is the symbol of sociality in every useful thing. When I buy a commodity I pay for the labor

that it contains,—for its social aspect,—but the utility that I derive from the commodity comes from its natural aspect. When a twine merchant, for example, buys flax, he pays for the amount of social labor that was given to its preparation, but in reality he utilizes simply the natural property of flax to be fabricated into rope; a tailor, similarly, buys cloth for the purpose of utilizing its natural characteristic, the property of being sewn into clothes.

In addition to these properties, a product must possess other characteristics to be called an economic good and to become an article of merchandise. It must have an owner,—it must be the property of some one who is freely able to do with the product whatever he may desire. One cannot ordinarily 'sell or exchange a strange article. Further, the owner of the product must have no immediate personal use for it. If the possessor of the article should require it for his own use, he would not of course seek to sell or exchange it.

Only such things as possess the enumerated properties can become articles of merchandise, economic goods in the strict sense of the word.

In former generations, when slavery and serfdom prevailed, labor power could not be a commodity, for the possessor of the labor power—man—did not have the right to freely use it. The slave was the property of his master, life and limb, and anything that the slave produced belonged to his lord. When slavery was superseded by serfdom in the caste system of the

feudal regime and when the social order of the Middle Ages became a continuous chain of personal attachments, the peasants were comparatively free in body, but their toil belonged to the nobleman—the nobleman had command over human labor, but he had not command over human beings, of the laborers themselves. The workers and the artisans became masters over their own labor only later, when feudalism disappeared, when the peasants were gradually emancipated from the control of the landowners, the feudal lords, and when industries began to develop freely in the growing cities. For a long time, however, the peasant or laborer continued to rely upon his own individual efforts to make a living. While the laborer worked for himself, with his own tools, in his own little workshop, and bought his own raw materials, labor was still not a commodity. The artisan worked independently, on a small scale, and utilized his labor for his own needs.

Later, with the rise of capitalism and the factory system, when the small workshop of the individual artisan was crowded out by the large factories and the great industrial plants that developed, when the independent craftsman was no longer able to hold out against the competition of big business and was forced to relinquish his simple tools, when the worker could no longer use his labor power for his own needs—then did labor power become a commodity and take its place on the market together with other commodities.

Like all other commodities, labor power also has two inherent properties: a natural and a social characteristic. The natural aspect of labor is its property of turning raw materials into socially useful articles. Labor converts leather into a pair of shoes, flax into rope, iron into tools and machinery, and so on. *The social aspect is the amount of social labor that should be used in order to create the labor power.*

In the present-day system of hired labor, labor power is undeniably an ordinary commodity, a commodity that is on the same plane with and has the same properties as all other commodities, an economic good that is bought and sold just like any other commodity,—exactly what Marx proves to us with his keen analysis.

How is labor power produced, in what manner is human energy created? Marx asks further.

Labor power is not something distinct from human life; it is the characteristic, innate endowment of all living persons, it is a part of the human brain, blood, muscles and nerves, and so labor power is inseparable from life itself. But labor power demands *the capacity* to labor. A man can possess the capacity to labor only when he is able to satisfy life's needs, and since the gratification of the necessities of life creates labor power, the conclusion may be formulated that *the value of labor power is equivalent to the amount of social labor that should be expended to create the products necessary to human life.*

The needs of every individual are quite diversified,

for they are dependent upon the various natural, cultural and social conditions predominant in his environment.

In the warm countries, the essential human needs are relatively few: a simple dwelling, light clothes, and lean food; in the colder lands the things needed to produce the energy for labor are more complex: a well-built dwelling, warm clothes, foods rich in fat, etc. In ancient times, similarly, human needs were much simpler than they are to-day. Our ancestors were not as particular about their appearance as we are at present. The uncouth inhabitant of the plains a few centuries ago was content to go about with a mere loin cloth, but his descendant of the present generation prides himself on his superior civilization. He needs, not simply clothing to cover his body, but clothing that will be in keeping with prevailing custom and convention; not a mere roof over his head, but a dwelling of modern architecture and with modern improvements.

One further consideration: The laborer, naturally, does not live on forever; he becomes older and feebler and together with his advancing age his energy, *i.e.*, his labor power, diminishes gradually; and hence the purchasers of labor power must see to it that the manufactory, in which labor power is produced, shall not cease to provide the human material for the world's industries. The laborer can have an everlasting existence, like all other living creatures, only when he is given the possibility to perpetuate his species

by living a family life and is enabled to provide for his children, so that they may take his place in the next generation after him.

Summing up all that has been said concerning the value of labor power, we arrive at the conclusion that *the value of labor power is the amount of social labor that is necessary to provide life's essentials,—food, clothing and shelter, for the laborer himself and for his family, according to the natural, social and cultural conditions of that country in which the laborer lives.*

Let us assume that the amount of social labor which must be expended for the gratification of the various needs of a workman, in order that he have the capacity for one day's labor (ten hours), is five hours. That is, the expenditure of five hours of social labor would suffice to provide the laborer (and his family) with the means of one day's sustenance. It would follow, then, that the actual value of the labor power used in one working day (ten hours) is but five hours of social labor, since, by our principle, the value of labor power is determined according to the amount of social labor that is necessary to provide life's essentials. *The remaining five hours, in excess of that amount of the labor power which fixes its value, constitute the Surplus-Value.*

Labor Power, says Marx, is the only commodity that creates surplus value. The true social value of any given amount of labor power is smaller than the labor power itself, and this difference between the quantity of labor that must be expended in order

to create the labor power and the amount of the labor power itself, forms the surplus value.

It is this property of labor to produce more than labor costs which is the underlying factor that has made possible the phenomena of profit in our economic life.

If the laborer had his own tools and his own raw materials and if he were able to utilize his labor power to his own purposes, then the surplus value created by his labor would remain with him; but since we to-day live in a society based upon private ownership, in which the means of production—land, machinery, tools, and raw materials—are privately appropriated by capitalists to whom the laborer is forced to sell his labor power, the benefit of the surplus value is snatched up by the capitalist while the reward of the worker is a mere fraction of the fruits of his labor.

The capitalist manufacturer, for example, who buys 100 hours of labor power, does not give for the labor \$100 (assuming that one hour of labor is equivalent to one dollar), because he pays, not for the labor power that will be embodied in the product of manufacture, but for the labor power that must be expended in order to create the capacity for 100 hours of labor, and if the latter happens to be but 50 hours, the manufacturer will give for the labor he purchases only 50 hours (\$50). From this purchased labor power, however, the manufacturer will be able to derive 100 hours of labor. The additional 50 hours (equivalent to \$50) will then,

according to the law of surplus value, give the manufacturer a gross profit of fifty dollars.

On the surface it would seem that the manufacturer is quite justified by business principles, and that he is doing the laborer no injustice in drawing this profit from the surplus value.

Labor power—argues the manufacturer—is a commodity like other commodities. Just as every commodity is paid for strictly according to the labor time it embodies, or its social aspect, so, likewise, do I pay for the commodity labor power in accordance with the amount of social labor embodied in it. If in ten days of labor power that I purchase there is embodied only fifty hours of labor (*i.e.*, the amount of labor necessary to provide the means of life for the period of ten days), then I rightly pay for the purchased labor time the equivalent of fifty hours, since this amount represents the actual value of ten days' labor power. The use that I am able to derive from the labor power that I have contracted for is an entirely different matter. It should surely be no one else's concern if I utilize ten days' labor power to produce 100 hours of labor, for have I not the right to use my property in whatever way I see fit? When I purchase the commodity labor power I pay for its social aspect; the commodity becomes my property and I am entirely justified in endeavoring to utilize the natural aspect of my commodity to the best advantage.

Let us now return to our typical instance, the brick

manufactory, and see how profit is in that case made possible by reason of the surplus value.

If the bricks could be made just with clay, implements and wood, without any expenditure of labor power, the owner of the brickyard would really be unable to derive any profit, for all of these elements incorporate their values in the finished product (the bricks) without any summary increase or decrease. Since the values of the elements (calculated according to the embodied labor) are taken to form a total of values, the sum of the values, or the total cost, cannot obviously be greater or less than the result of adding the constituent values together. The saving feature of it all, for the manufacturer is, however, that in order to make bricks with the given elements the expenditure of labor power is essential (in our case thirty hours of labor power). The manufacturer purchases the necessary labor power from three laborers, ten hours from each. But he does not pay each laborer ten dollars (at the rate of \$1 an hour), as we reckoned above; instead he first calculates the cost of the various things that are required to gratify the needs of the laborer, so that he may have the capacity to labor ten hours. In order to create the capacity for ten hours' labor, the laborer must, as we have seen, be provided with shelter for himself and his family, with sufficient food,—in short, with the means for one day's sustenance. If the cost of providing these essentials for one day of the laborer's existence is only \$5 (five hours of social labor), then \$5 will be the recompense

in wages of each of the three laborers. The owner of the brickyard, however, utilizes the labor power he has purchased to produce ten hours of labor by each workman. Thus, the benefit of the additional five hours (the surplus value) remains with the manufacturer. In our case there is a remainder of fifteen hours' surplus value, *i.e.*, from the production of 1000 bricks the manufacturer derives \$15 surplus value.

We say expressly "surplus value" and not "profit," because as a matter of fact the actual profit is somewhat less than the surplus value. The fifteen hours' surplus value in our example would not be a lump of that much profit, for some portion must be deducted to pay taxes and for various other disbursements; and if the manufacturer has not sufficient capital and borrows money on interest, the interest on the borrowed money is an additional item of expense which must be deducted from the surplus value. The actual or "net" profit is therefore the amount of the surplus value minus the various items of expense incurred.

Aside from all this, it is important to know that the surplus value is computed in conjunction with labor cost only, while profits are figured after the deduction of the total sums invested in the enterprise.

In the case quoted, the surplus value will amount to fully one hundred percent. On his fifteen dollar investment in wages, the owner of the brick-yard receives fifteen dollars surplus value or an even one hundred percent on his investment in labor. The net profit, will, however, be a much smaller one, because

we have to take into consideration, not only the fifteen dollars expended for labor, but the total sum invested in the production of these one thousand bricks. The *surplus value norm* can serve us only as a means for estimating the surplus accruing as a result of the working energy of labor. The *profit norm*, on the other hand, is the net profit of the *total* capital invested in the enterprise, labor, raw materials, building, interest on loans, etc.

The Surplus Value is, therefore, the unpaid labor power, the excess labor time above the amount of hours necessary to produce the wages which the laborer receives. Surplus value is possible only in that state of society in which the means of production are privately appropriated and controlled, a society in which the few command the means of life of the many, a system under which the laborer is forced to sell his labor power to the masters of industry. *The source of profit and of all wealth is in the surplus value; the unremunerated labor power constitutes the capitalist income.*

At this point it is well to note that when Marx says that the source of profit is the surplus value, he does not mean to imply that an enterprise which permits of a greater surplus value also yields a greater profit. "Profit" is here taken in the sense of the general profit, the profit resulting from all undertakings or social enterprises involving employment of labor.

In our present-day society, which is founded upon capital and in which capital is the moving force in

all forms of economic activity, the individual investor in an industrial enterprise realizes a profit in proportion to the amount of his invested capital and not according to the amount of surplus value created in his particular enterprise. Surplus value is in fact the source of the sum total of profit gained by society as a whole, for if there were no surplus value there could also be no profit, but in the distribution of the profits the chief rôle is played by capital. Capital is the prime mover in the apportionment of the surplus value as profit for the individual capitalists.

In political economy we have the well-known principle that "like investments of capital yield like profits," irrespective of how the capital is expended in the particular enterprise, whether chiefly for labor power, or whether for instruments or for raw materials. A larger investment of capital produces greater profits, regardless of whether the undertaking is such that it creates a smaller margin of surplus value. The profit gained by society as a whole is, however, dependent upon the sum total of surplus value created by society. The greater the surplus value, the greater the totality of general profit, but the profit obtained by the individual capitalist is dependent upon the size of his invested capital and not upon the surplus value realized in his enterprise.

We are thus enabled to explain the fact that many business undertakings in which but few workers are employed nevertheless yield a greater profit than other undertakings which employ more workers but

which involve a smaller investment of capital. In each individual case the manufacturer derives his profit, not from the amount of surplus value created by his particular enterprise, but according to the amount of invested capital that he has placed in his factory, mill or mine.

The surplus value does not necessarily accrue to the individual manufacturer who creates it, but is divided by all capitalists among themselves. Some portion, as was remarked, goes to the money lender, another portion is taken by the middle man and the retailer; and, in general, we may say that every capitalist who has made any sort of investment in any business enterprise receives a portion of the surplus value, although the surplus value may have been elsewhere created.

Formulating mathematically the margin of profit possible in any one industrial undertaking, we find that the profit is equal to the result obtained in dividing the total amount of surplus value created by society, by the individual investments of capital.

B. The Antithesis Between Labor and Capital.

Marx's discovery of the doctrine of surplus value is a no less important contribution to the field of political economy than is his doctrine of historical materialism to the field of philosophy. Engels says rightly that modern socialism is founded upon these two great theories of Marx—the doctrine of the Materialistic Interpretation of History and the doctrine of Surplus Value.

The teachings embodied in these two momentous doctrines form one harmonious whole, with which we are enabled to see in its true light the grim class struggle being waged in our society.

If Historical Materialism teaches us that the proletariat is the representative of the newly developed productive forces which demand a socialistic order, the doctrine of Surplus Value teaches us that the proletariat is the *only* breadwinner for society, the only prop upon which the rest of society leans for its support; that the income of the capitalist class is taken from the unpaid wages of labor, that if it were not for the laboring class, society would be helpless, and that the proletariat possesses the *power* to call into being a new social order.

Further, the theory of surplus value demonstrates to us that although Labor creates all the wealth of society, Labor's share in the products it gives forth is growing ever smaller and smaller. It is growing smaller because the value of Labor Power is constantly diminishing. Thanks to the highly developed efficiency of modern industry, the labor time required for the creation of the various things essential to the worker's existence is being gradually reduced, and so of necessity the value of the worker's labor power is continually shrinking, while the surplus value gained by the capitalist is increasing steadily. If, for example, under former industrial conditions the value of a ten-hour working day was five hours, its present value, under the improved state of industry, is only four hours.

What does this mean? It means that whereas formerly the laborer contributed five hours of surplus value to the product of manufacture, he now contributes six hours; and the process is continuing. Thus, the margin of surplus value is becoming wider and wider, while the worker's share in the wealth created by his toil is becoming ever smaller. The broad hiatus between Labor and Capital is becoming broader and deeper, the great class struggle waxes grimmer and more violent, and the social upheaval becomes inevitable.

Marx not only shows us the impending victory of the proletariat, but he also shows us *how* and by what means the proletariat must inevitably conquer, and the weapons that he will use in the struggle for his final liberation. Marx delineates for us the progress of the class struggle and its preordained outcome in the eternal march of the forces impelling social evolution.

Industry develops into higher stages, Marx teaches us, small scale production gives way to centralized and concentrated industrial organization, the small business man is crushed by the overwhelming competition of Big Business and is forced to enter the ranks of the proletariat; through constant additions from the middle classes the proletariat is increasing in numbers and with further accretions from child and woman labor the proletariat camp is being rapidly augmented. On the other hand, Capital is becoming more and more concentrated in the hands of a small number of individuals; the rich become comparatively fewer in num-

ber but ever richer and more powerful, the poor become greater in number but poorer and more miserable in condition; intermediate classes become extinct, and the time finally comes when all society is almost exclusively composed of two antagonistic groups, the powerful capitalist oligarchs, forming a small minority, and the vast masses of wage earners, forming an overwhelming majority. As the class struggle becomes more pronounced, as the social breach becomes more accentuated, the workers are forced to organize in order to conduct the intense political and economic war against the mighty forces of capitalism. In time, these organizations become inwardly stronger and outwardly more extensive. With their aid, the laboring class takes on new energy in the decisive struggle, it finds the most effective means to prevent the heel of capitalism from crushing it underneath, and finally, when the evolutionary process will be consummated, when the proletariat will come to the full consciousness of his power, when the organizations of labor will become strong and intelligent, then will come the social upheaval, the so-called social revolution,* by

* The Social Revolution as conceived by Marx does not necessarily imply bloodshed or the employment of violence in any form. The term simply describes the process of change from one social system to another, the transfer of political power from one class to another. This transition may be brought about in a thoroughly peaceful manner, just as readily as by violent means. The accompanying phenomena of this transitional event depend largely upon several, closely related circumstances; such as the actions of the class that is expected to surrender the power, as well as upon the economic and

which the political power will pass from the hands of capitalists into the hands of the proletariat, which will adapt the institutions, customs and laws of society to conform to the demands and the interests of the proletariat. *Just as slavery gave way to serfdom, just as feudalism sank into the past and was superseded by triumphant capitalism, so too must the present-day order of capitalistic domination finally succumb under the inexorable pressure of the forces of social evolution and make way for the inauguration of the socialistic regime.*

Marx regards the innovation of the new social order, not as a blind irrational outburst by the oppressed masses, not as a transient cataclysm, but as the necessary and final consequence of social evolution, the inevitable outcome of the class struggle in society.

mental state of the class that is seeking to acquire that power, and other similar conditions.

CHAPTER VIII

THE CRITICS OF SCIENTIFIC SOCIALISM

A. The Essential and the Secondary Features of the Marxian Analysis.

THE doctrines of Scientific Socialism have evoked oceans of criticism from all quarters. The civilized world finds odious and unwelcome the virtual death sentence which the founders of modern socialism have pronounced upon the existing system. Hardly a week passes but that some new vituperation or some repeated condemnatory broadside is launched against the socialistic doctrine in the capitalistic press, penned by writers in the lucrative pay of the organs of Capital. To those who conceive of the socialistic teaching in its true scientific light these criticisms are more than welcome, for their refutation but serves to reassert the fundamental strength of Marxism. Still more welcome are they, however, to the protagonists of the prevailing order, who fear the introduction of Socialism because it means the end of their power and supremacy. All too eager to accept the assertion of the apparent obstacles to Socialism and the thin, uncertain arguments against its principles, put forth by

anti-Marxist scholars, the supporters of the existing state of things are willingly deceived and allow themselves to be blinded to the truth by the clouds of dust thrown into their eyes. The anti-Socialist "scholar" is raised to the heights of glory and all the doors of fame and opportunity are thrown open to him. How many, indeed, have attained to brilliant careers through their "critique" of Marxian Socialism, and how many, again, have been robbed of their intellectual position and prestige just because they were honest enough to acknowledge the validity of Marx's teachings?

Our primary concern here is not, however, with the capitalistic "critique" of Marxian Socialism. By the very nature of the situation, capitalism has sufficient ground to pick bones of contention with the doctrines of scientific socialism and with the teachings of the class struggle. To the capitalists the existing system is the most desirable and congenial, and so capitalism, naturally enough, combats with all its strength a doctrine which considers the prevailing order as totally discredited, artificial, and fundamentally abnormal.

Much more interesting for our purpose is the criticism that arises from the socialist ranks. And, though it may seem somewhat surprising, from this quarter also there comes wide and persistent criticism. I would therefore consider my exposition of Marxian Socialism incomplete, if I did not examine at least the most important of the arguments against Marxism put forth by socialists themselves.

Historical Materialism, or the Materialistic Interpretation of History, is most often criticized because of the opposition to the whole materialistic philosophy as such. While we can really have no contention against such a criticism, it is, however, of no value to us. Marxism develops a unified, coherent and enduring "Welt Anschauung," a distinct system of world philosophy. This conception is, as we have seen, founded upon the evolutionary doctrine. To reject this conception means that we must also reject the modern philosophy of nature. If our critics argue from the metaphysical-idealistic point of view, we can have no controversy with them, for then we would be viewing the matter from totally opposed angles. We recognize, as our starting point, the materialistic-monistic point of view in philosophy, and it is upon this basis that Historical Materialism is formulated. It is evident that one cannot criticize one philosophical point of view with a second, especially when the points of departure of each cannot be demonstrated by experimentation.

But it is against the economic teachings of Marx that the strongest shafts of criticism are directed.

A great many of the critics of Marx are not quite pleased with the theory of surplus value and the doctrine of the class struggle, which tells us that the natural antagonism between Labor and Capital will become more and more aggravated until it will bring on the inevitable cataclysm, the social revolution.

The condition of the laboring class—argue these

critics—is being continually improved and hence the gulf between the proletariat and the bourgeoisie is necessarily being gradually narrowed until it will finally be obliterated, thereby nullifying the prospect of a social upheaval or revolution. The class struggle in society will undoubtedly come to a gradual cessation. In order to raise up the new socialistic structure in society, it does not follow that we must first overthrow the existing state and on its ruins raise up the changed social order. Rather must we gradually reconstruct, recast, influence and so mend the present social state that in the process of time we shall have peacefully brought about the common desideratum, a system in which social justice will prevail. Every new reform for the benefit of the laboring class—these revisionists maintain—is as one more brick added to the new social structure, and so every social reform should be looked upon, not merely as a means, but also as an end in itself. The socialistic order—revisionism continues—will not be ushered in, through a social revolution, as Marxism teaches us, but it will come by degrees, slowly but surely, and with every improvement in the condition of the working classes we advance one step further toward the realization of the ultimate goal.

In substance, then, the principal contention which these critics undertake to prove is, that the class struggle is not becoming accentuated, and that the coming social order will be brought about through reforms rather than through a social upheaval.

Revisionism undertakes to establish its arguments by appeal to statistics.

The revisionist sets out to prove that the process of the concentration of capital is not developing along the lines that Marx described, that the middle classes are not becoming slowly obliterated and incorporated in the ranks of the proletariat, but that, on the contrary, they are increasing in number and importance, that society is not being sharply split into two antagonistic camps, that the condition of the laborer is being steadily improved, and that in consequence Marx's theory of the class struggle is not borne out in fact.

The short space of this treatise does not permit me to enter into any lengthy statistical accounts of the concentration of capital. It would indeed not be difficult to demonstrate by actual figures that the process on the whole is unfolding essentially in the manner that was foretold by Marx. But even granted that Marx did not exactly predict the order of the concentration, of what significance is it? Does that in any disprove his theory of surplus value? We have seen that the groundwork of scientific socialism lies in the underlying principles embodied in the doctrine of Historical Materialism and the theory of Surplus Value. The theory of concentration of capital is merely an *illustration*, and is not included among the cardinal foundations of Marxism. I shall therefore not attempt to determine by any research or lengthy argument whether Rockefeller and Morgan have succeeded in

concentrating under their control a greater or lesser number of industries, although it would be a very easy matter to prove that the great trusts have, by their powerful combination and manipulation secured crushing monopolies over the nation's wealth and its industrial productivity, just as Marx foretold when he said, over a half century ago, that the system of capitalist control and capitalist competition must inevitably lead to the centralization and combination of vast wealth in the hands of the controlling few.

Further, the revisionists maintain that the great middle classes are not becoming identified with the proletariat and that the number of small industries and the extent of small scale production and enterprise is steadily increasing.

But if the middle class is becoming greater in numbers, it does not mean that it is becoming socially stronger as a class. Are not the small business men to-day largely or wholly dependent upon the mighty and domineering trusts? And are not the apparently independent small-scale enterprises pawned to the great capitalists? And is it not common knowledge now that vast numbers of small individual enterprises in reality belong to a single millionaire and are in consequence effectually controlled by the oligarchs of Big Business, with power to raise prices and decrease or increase production at will? Is the chain of Childs' Restaurants in New York, which it is said belongs to Rockefeller, simply an exception, a mere

isolated case of one multi-millionaire controlling a great number of small enterprises?

The revisionists tell us, furthermore, that the condition of the laborer is being steadily ameliorated and not aggravated. True, the status of the laborer is being improved; the laborer to-day has better living conditions than he had several decades ago, but how in fact was this gradual progress brought about? Does not the laborer owe this improvement in the state of affairs to the class struggle itself? Are not the improvements or reforms like successive positions that the laboring class has gained through continual struggle and dogged conflict against the forces operating for the subjugation and oppression of the workers? And has it not been the organization of labor into trade unions and political parties that has been responsible for these hard-won victories? Even if we grant that Marx said that the so-called "Pauperization Process" or "Process of Increasing Misery" will take place in society, we should not lose sight of the fact that he said it conditionally; if the workers will submissively resign their fate to the powerful course of capitalistic development, then their lot will grow worse and worse. But since the "Pauperization Process" forces the workers to organize politically and economically, the condition of the laboring class necessarily is prevented from becoming worse, and the process of pauperization or increasing misery does not take place.

But lest we allow our argument to become entangled

in a vicious circle of contradiction, we should endeavor to reduce our terms to a common denominator. The meaning of the "Pauperization Process" is not what so many critics impute. When we say that the condition of the workers is steadily on the decline, we do not mean that it is becoming absolutely worse, but only relatively so; the condition of the laboring class is growing worse in relation to the other classes. It is true that the present-day situation of the worker is a great deal better than it was years ago, but it is also evident that the rich and powerful boss of industry has in this same period of time become vastly richer and more powerful, and if we would correctly ascertain whether or not the condition of the laboring class is improving we must view it in the light of the condition of the opposing class in the social order. Compare the increase of wealth with the improvements in the laborer's condition and it will be seen that the growth of wealth has proceeded at an immeasurably faster rate than the betterment in the status of labor. The margin of surplus value is to-day many times greater than it formerly was, and it is continuing to grow in increasing proportion; and so long as surplus value is becoming greater, we know that the amount of unpaid labor is also necessarily becoming proportionately greater. *If the workers to-day have better living conditions than they had in former years, they have at the same time, however, a proportionately smaller share than formerly in the wealth created*

by their toil. The antithesis between Labor and Capital becomes ever sharper and the antagonism between the opposing elements of society increases in strength and intensity.

We come now to another point that is argued against the doctrines of scientific socialism, especially here in America. The proletariat—it is contended—does not form a majority of the population. And the critics show by figures and statistics that labor does not constitute the majority in society and that the proletariat, in consequence, could not possibly obtain control over the social order by force of numbers.

If the reader has given careful attention to our exposition up to this point, he must certainly have noted that very little has been said about the proletariat becoming a majority in society, for I am of the opinion that this is, generally speaking, not an important part of Marx's doctrine. Marx himself probably used this idea of a majority in order to make more prominent the victory of the workers; and, in fact, the ultimate triumph of the proletariat will be dependent, not upon its constitution of a numerical majority, but rather upon the basic fact that the proletariat constitutes the vital *economic power* in society. History proves conclusively that that class which possesses the economic power must sooner or later gain control also over the political power and that mere numerical superiority or inferiority plays but a small part in the determination of the outcome.

The proletariat is assured of final victory, not by sheer predominance of numbers, but because the proletariat is the breadwinner for society. The mighty arm of the proletariat supports society by its sweat and toil and it is this selfsame arm that must eventually rule in our social order; the producer of wealth must in the long run become the administrator of wealth. And history abounds with proof of this basic law. That class which was economically the strongest has always wielded the political power, even if it was composed of a minority of the people.

In the Middle Ages the feudal lords were the ruling class, because they possessed economic supremacy and upon them was dependent the existence of the rest of society.

When Capital became the strongest economic force in the life of the people, it was the Capitalists who assumed the political power, in spite of the fact that they were so relatively few in number.

Now, as we have seen, economic primacy is gradually being transferred to the laboring class; Labor is becoming the representative of the productive forces, as Historical Materialism teaches us, and Labor is becoming the economic mainstay of society, as the theory of Surplus Value teaches us; in a word, Labor is resolving itself economically into the most powerful class and so of necessity must Labor eventually gain political supremacy as well. *The triumph of the proletariat is assured.*

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B. The Trend of American Industrial Development Confirms the Theories of Scientific Socialism.

To find concrete evidence of the growing realization of the principles of Scientific Socialism, and to see how the doctrines of the Marxian theory are being borne out in the actualities of present-day American life, let us examine some statistics of the relative growth of wealth and population in the United States. A comparison of the figures for the past twenty years will show the great concentration of wealth in the hands of a small group of capitalists, the increase in numbers and relative poverty of the laboring class, and the centralization and integration of industrial activity; it will show that the share of Labor in the nation's wealth is diminishing, that the industries of the country are becoming virtually dynastic, and that the antithesis between Labor and Capital is daily becoming wider and more pronounced.

In 1912 the chief statistician of the Census Bureau at Washington, John A. Hill, made public some of the results of the compilations from the Census of 1910. The published figures are interesting and impressive, for they not only give us a graphic idea of the growth of wealth in the country and how the wealth is distributed, but they also show us the phenomenal development of industry, the number of industrial workers, the average wages of labor,—in short, they throw a clear and true light upon the development and trend of economic life in America.

“In the year 1900 the total wealth of the United

States was, according to the figures of the Census Bureau, \$88,500,000,000. The population in that year was in round numbers 76,000,000. If the wealth of the country had in that year been equally divided among the population, the amount per capita (for each man, woman and child) would have been just a little above \$1164.

By 1910 the population had increased to 92,000,000, but the national wealth had at the same time been augmented to \$142,000,000,000. In other words, the population of the United States had, in the period of ten years, increased only 21 per cent, whereas the wealth had increased fully 60 per cent.*

If in the year 1910 the wealth of the United States had been equally distributed, each individual would have received \$1543. (compared to \$1164 in 1900): the average family of five persons (husband, wife and three children) would have received \$7715.

The rapid growth of industry and manufacturing in the ten years from 1900 to 1910 is deserving of

* It is well to note here the fact that wealth grows much faster and in greater proportion than population. The Malthusian "law" of population, which is frequently cited as an argument against the Marxist position, is founded upon the theory that the means of subsistence, *i.e.*, the wealth, of a country does not increase as fast as the population. Population grows, according to Malthus, in geometrical proportion, while the means of subsistence, or wealth, grows in arithmetical proportion.

The figures cited here entirely disprove the so-called Law of Population formulated by Malthus, for they show that in a typical ten-year period the wealth of the United States grew at a much faster rate than the population.

special attention. In the year 1900 the aggregate value of all the products manufactured in the factories of the country was \$11,407,000,000, and in the year 1910 the value of the manufactured products had been augmented to \$20,672,000,000, representing an increase of 81 per cent. There can be no doubt that this large increase of 81 per cent was in part due to the rise of prices. Almost every manufactured commodity was dearer in 1910 than in 1900. The rising prices could not, however, have been responsible for the entire increase of 81 per cent. To account for the wide difference in the total value of the manufactured products between 1900 and 1910, we must recognize the fact that during this period the volume of manufactured products became vastly greater. That is, industry as a whole had rapidly developed. And with the expansion of industry, there was, naturally, a large growth in the number of industrial workers.

In 1900 there were 4,712,763 industrial workers in the United States (exclusive of the laborers occupied in the building trades); in 1910 there were 6,615,046 industrial workers. The number of proletarians had in this ten-year period been increased by 40 per cent!

The general population had, as we have seen, been increased during this same period from 1900 to 1910 by only 21 per cent, while the numbers of the laboring class, the ranks of the American proletariat, had been swelled by fully 40 per cent. What does this mean? It means that the process of proletarianization

is taking place in the United States, exactly as Marx foretold.

But statistics do not simply demonstrate to us that the numbers of the proletariat are being constantly increased; they show us, furthermore, that the breach between the proletariat and the propertied classes is becoming deeper and wider, and that the share of the proletariat in the nation's wealth is daily becoming smaller.

In 1900 the average yearly wage of the American workman was \$426. In 1910 the average wage was \$518 a year. Thus, in ten years the average yearly wage was increased by 22 per cent.

While the wealth of the country during this ten-year period was increased by 60 per cent, the wages of labor showed an increase during the same period of only 22 per cent. And this increase even was apparent only in the paid wages of labor. If we were to reckon wages in terms of the manufactured products, *i.e.*, in relation to the prices that are commanded by the articles produced by labor, we would find that in 1910 the average remuneration of the worker was 18 per cent lower than in 1900. Moreover, the cost of the means of subsistence had in these ten years climbed 40 per cent higher. In reality, therefore, the wages of the American laborer from 1900 to 1910 were not increased, but decreased.

These statistics also present conclusive proof of the increasing concentration of capital in the United States.

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It is true that the number of factories was increased from 207,514 in 1900 to 268,491 in the year 1910, but the number of workers employed, the amount of the utilized raw materials, and the quantity of the finished products of manufacture increased, during the same period, in a much larger proportion than the number of factories.

In 1900 the average number of workers employed in a factory was only 23, and in 1910 the average number of workers in each factory was 25. The average value of the products manufactured in each factory in 1900 was \$54,969 and in 1910 it was \$76,993.

The raw material utilized in manufacture in the year 1910 amounted to \$12,141,000,000, and the aggregate value of all the products manufactured in that year was \$20,672,000,000. Thus the value of the raw materials, after being converted by the process of manufacture into useful products, had been increased by \$8,531,000,000. In 1900 the increased value gained by raw materials through conversion into manufactured products, was only \$4,831,000,000.

It goes without saying that the numerical difference between the value of the finished products and the value of the raw materials consumed does not represent just so much clear profit for the manufacturer. From this sum must be deducted the wages of hired labor, the wear of the machines, the upkeep of the factory, the cost of insurance, etc. But even after all these items are deducted, there still remains a substantial sum as the profit of the manufacturer. And

it is this sum which is steadily growing in size. From 1900-1910 the number of industrial workers in the United States was increased by 40 per cent, but the amount of surplus value created by the workers in this same decade showed a growth of fully 97 per cent.

In 1917 the Census Bureau at Washington published another report, which gives us an accurate view of the condition of American industry in 1914 (before the outbreak of the war), and which enables us to compare the relative progress made in the preceding five years by the employing manufacturer on the one hand, and by the employed laborer on the other.

The total number of factories in the United States in the year 1914 was 275,791, while five years previous, in 1909-10, there were only 268,491 factories. The number of workers employed in the factories, mills, mines and railroads of the country in 1909-10 was 6,615,046 and by 1914 this number had been increased to 7,036,337. In 1909 the average number of workers employed in a factory was 25 and in 1914 the average number was 25.5. The industrial enterprises of the country thus expanded and developed in numbers as well as in the numerosity of the workers employed, giving further indication of the powerful force of centralization dominating American industry.

The published figures are also relevant to the status of production. In 1909 the average value of the total number of products manufactured for the year in each factory was \$76,993; five years later, in 1914, the

average value was \$87,915. Hence the number of industrial workers had, in this five-year period, been increased by only 2 per cent, while the value of the manufactured products was increased by more than 14 per cent. Further conclusive evidence that the exploitation of Labor by the masters of American industry is becoming more acute and more widespread.

But it is not only through exploitation that the condition of Labor is declining. There is also another important factor involved.

Thanks to the phenomenal development of industry in the United States there has arisen an ever-growing army of people that do not directly produce any commodities, but who live from the products created by the laboring class. In the year 1909-10 there were 790,267 officers, clerks, superintendents, etc., employed in American business and industrial enterprises. By 1914 the number of such office workers had been increased to 964,217. In 1909-10 the office workers and clerks constituted 10.7 per cent of the total number of workers in the United States; five years later they formed 12.1 per cent of the total number. From the standpoint of political economy the clerks and office employees are really productive workers, for, as we know, all socially useful work is regarded as *productive* work, no matter whether the results of the work be actually embodied in tangible products or whether the work consist of services given to the management and business operation of the enterprise. From the standpoint of the laboring class, however, Labor, as

the breadwinner for society, regards it as of vital importance whether there is a greater or lesser number of that element in the economic life of society which does not directly produce, but depends upon the products created by the laboring class. If in the year 1914 the number of office workers was greater than it was in 1909-10 it means that in 1914 the status of Labor showed a retrogression; it means that the burdens of the laboring class are becoming heavier and more ponderous, and that the massive load of the social sustenance placed upon the shoulders of Labor is daily becoming more cumbersome and oppressive.

The statistics of the Census Bureau also throw an interesting light upon the wage situation. In 1909-10 there were 6,615,046 industrial workers in the United States, receiving an aggregate yearly wage of \$3,427,-038,000. The average yearly wage was thus \$518. Since there are fifty-two weeks in a year, if the laborer were to receive but \$10 as the average weekly wage, his yearly income would have to be \$520. In other words, in 1909-10 the average laborer received somewhat less than \$10 a week for his toil.

In the year 1914, according to the statistics of the Census Bureau, there were 7,036,370 industrial workers in the United States, receiving an aggregate yearly wage of \$4,078,332,000. Computing the average, this give us \$579 a year or \$11.14 a week as the mean wage of the laborer in that year. Thus, in the five-year period from 1909 to 1914 the wages received by

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the American laborer were on the average increased by about \$1.15 a week.

But the balance sheet of industry gives us equally interesting figures concerning the wealth created in the factories of the country during this same period.

In the year 1909, 268,491 factories in the United States manufactured products with an aggregate value of \$20,672,052,000. Hence the average value of the products manufactured for the year in each factory was \$76,993.

Five years later, in 1914, the number of industrial enterprises had been augmented to 275,791 and the values of the manufactured products totaled up to \$24,246,435,000. Dividing the aggregate value by the number of enterprises, we find that the average value created for the factory owner in 1914 was \$87,915.

While the wages of the average American laborer from 1909 to 1914 were increased by \$61, the mean value created by Labor in the individual enterprise showed an increase—during this same five-year period—of fully \$10,982.*

These statistics, compiled by the government officials at Washington—who certainly could not have been above a certain degree of bias against Labor—

* The statistics of the War Period and after demonstrate even in a greater degree the fact that the share of the laboring class in the wealth of the nation is proportionately smaller in relation to the profits of the owning class. But as these figures cover an abnormal period it was deemed advisable not to draw conclusions from them regarding present-day economic tendencies.

give us graphic proof of the fact that the percentage of profits reaped by the capitalist from the created wealth of the country is rising steadily, while on the other hand the percentage represented by the wages of labor is becoming smaller and smaller.

And so we can see from our rather cursory view of the trend of American industrial development that the teachings of Marx are being confirmed in almost all their particulars. The margin of surplus value is becoming ever wider, Capital is concentrating in an increasing proportion, the Proletariazation Process goes steadily on, the share of Labor in the nation's wealth is diminishing,—in a word, the fundamental antagonism between Labor and Capital is daily becoming stronger and more pronounced and the overt class struggle in society increases, consciously or unconsciously, in its magnitude and intensity.

The cold actualities of present-day conditions wipe away the phantom bridges that the social reformers and the revisionists have erected over the deep abyss lying between the two opposed classes of society,—between Labor and Capital. Facts point unmistakably to the coming social change, as the collapse of the old system becomes imminent. The complete emancipation of the proletariat draws near and the teachings of Scientific Socialism first promulgated by Karl Marx are on the eve of realization.



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